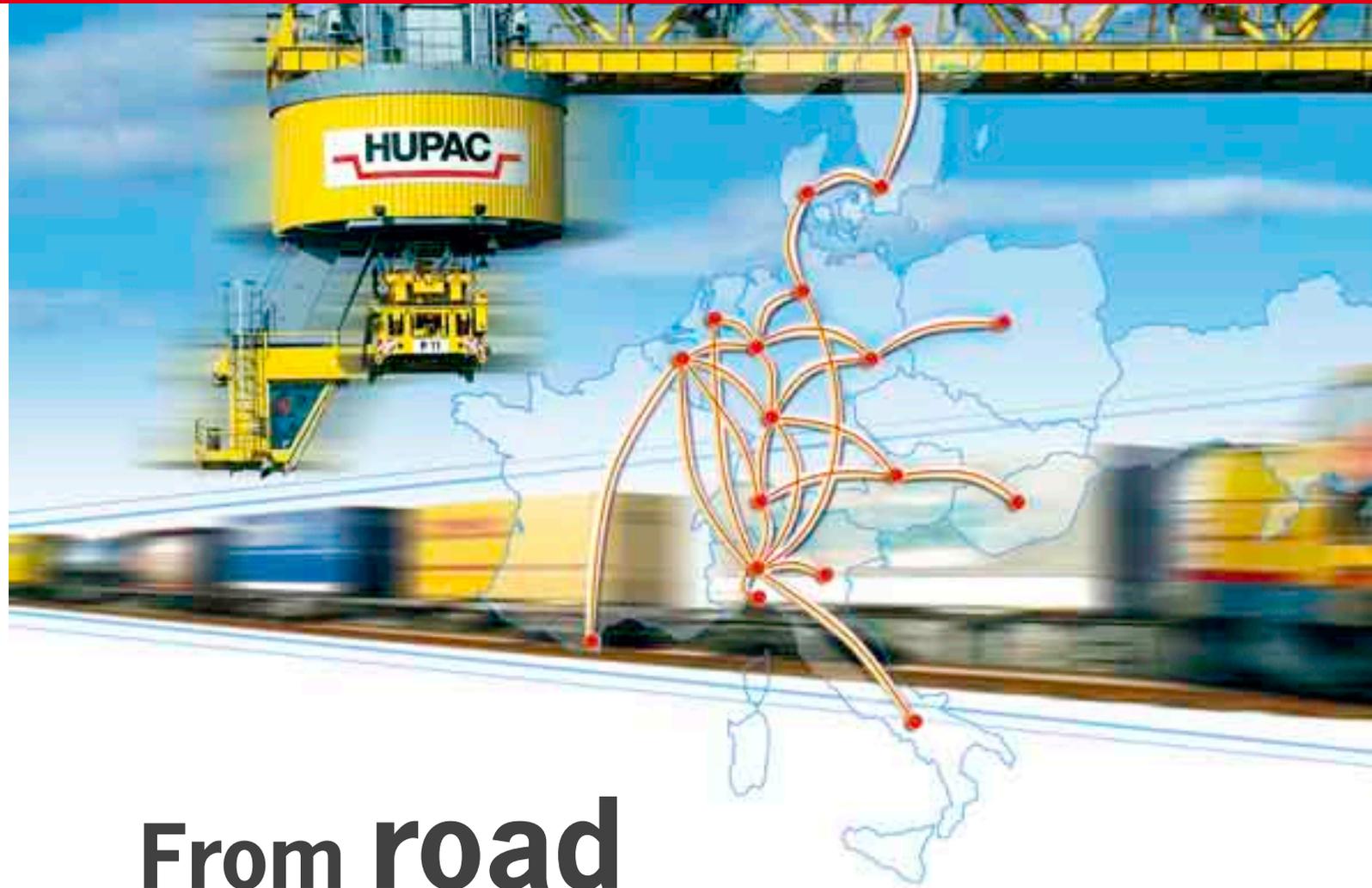


40 YEARS → **Hupac 1967-2007**



From road to rail



On the way

Trains, customers,
traffic policy



Milestones

Founders, visions,
objectives



The future

People, values,
strategies

HUPAC



Company's history

1967

Hupac Ltd was established in Chiasso. The initial share capital was equal to 500,000 Swiss Franks; the first Chairman of the Board of Directors was Pietro Ris.

1968

Hupac started its activity with 10 wagons between Basle and Melide. Management was entrusted to Theo Allemann, the company's historical manager for more than 30 years.

1969

Hupac carried out the first international combined transport with its own wagons on the Cologne⇌Milan Rogoredo stretch.

1971

Hupac entered into a service agreement with the German combined transport operator Kombiverkehr, for a better integration of the traffic in Northern Europe.

1973

The international activity of Hupac expanded considerably with the opening of the Milan⇌Rotterdam axis, which followed up an agreement with the Dutch company Trailstar. During the same year, the Italian branch of Hupac SpA was established; it assures the management of the terminal activity in Italy.

1976

Rolling Highway was added to unaccompanied traffic on the Altdorf⇌Cadenazzo stretch, which transports motor vehicles with drivers from one side to the other of the Alps.

1978

Transport activities started to be transferred to the Busto Arsizio terminal, which later became the main Hupac transfer centre in Italy.

1980

The Rolling Highway became international with a connection between Milano Greco Pirelli and Freiburg i. B.

1981

The cooperation between Cemat and Hupac led to a strong traffic development in Italy.

1985

Termi Ltd was established in Chiasso with the task of designing and building new intermodal terminals.

1990

The first shuttle train started running between Cologne and Busto Arsizio: an innovation destined to revolutionize the characteristics of the Hupac transport services.

1992

The new terminal of Busto Arsizio II was opened in the presence of minister Adolf Ogi.

1995

The whole Hupac Group attained the QMS certification according to ISO 9002 as a result of the introduction of more advanced procedures.

1996

Thanks to the innovative Shuttle system, Hupac was awarded the European Transport Prize. During the same year, the terminal of Singen was opened and Fidia, the management company of the Oleggio terminal, became part of the Hupac Group.

1997

Hupac's Environmental Management System also attained the ISO 14001 certification.

1998

Hupac took over the Dutch company Trailstar (later to become Hupac Intermodal NV) and expanded the connections on the Holland-Italy axis.

1999

Hupac opened in Basle the Maritime Inland Services branch to develop the maritime traffic. During the same year, Hupac acquired the railway licence in Germany.

2001

Hupac, SBB, BLS and Trenitalia established the RAlpin company for managing the Rolling Highway between Freiburg i. B. and Novara via Lötschberg/Simplon. During the same year, Hupac acquired the railway licence in Italy.

2004

Following an offer procedure, Hupac assigned the traction of its trains to five railway companies that assure integrated traction, i.e. a single haulage contractor from departure to arrival.

2005

The new terminal of Busto Arsizio-Gallarate was opened. It doubled the transfer capacity. Special guests were the ministers Moritz Leuenberger and Pietro Lunardi.

2006

The Hupac Intermodal BVBA was established in Antwerp, with the task of terminal engineering and management.

2007

First traffics via Brenner and in France.



Editorial

Hupac – a whole lifetime

The first Hupac employee was Theo Allemann. In 1968 Pietro Ris, head of the Danzas branch Ticino/Italy and Chairman of the Board of Directors at the newly founded Hupac, sent him to the young company and shortly afterwards made him Managing Director. Giannambrogio Gianni, now the Axis Manager for Belgium/Switzerland, also worked at Danzas before his appointment to combined transport at Hupac in 1971. Mirella Zeller, today the head of Contracts and Invoicing, ended up at Hupac by chance. The Danzas employee from German-speaking Switzerland had requested a transfer to Ticino and was assigned to the new Hupac company in 1974. A little later Giordano Caverzasio, today the Axis Manager for Scandinavia and North/South Germany, joined the team as an apprentice.



In the early years Danzas provided for the staff at Hupac, as ex-director Theo Allemann recalls. The pressure to internationalize transport on the Germany-Italy axis also came from the Ticino branch of Danzas. Then as now, there is extremely close cooperation between the shareholders and the company – an authentic and efficient community of purpose. And there is another characteristic that links the “veterans” of Hupac and the majority of employees today: they are all bilingual, at home in both the German and Italian-speaking cultural areas and thus a typical product of the Swiss border region at the southern edge of the Alps.

In our Anniversary Magazine you can read more about the origins and future visions of Hupac, about product innovations, customer opinions and future strategies. We wish you a very enjoyable read.



Irmtraut Tonndorf

Communications Manager



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impressum

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On track in Europe

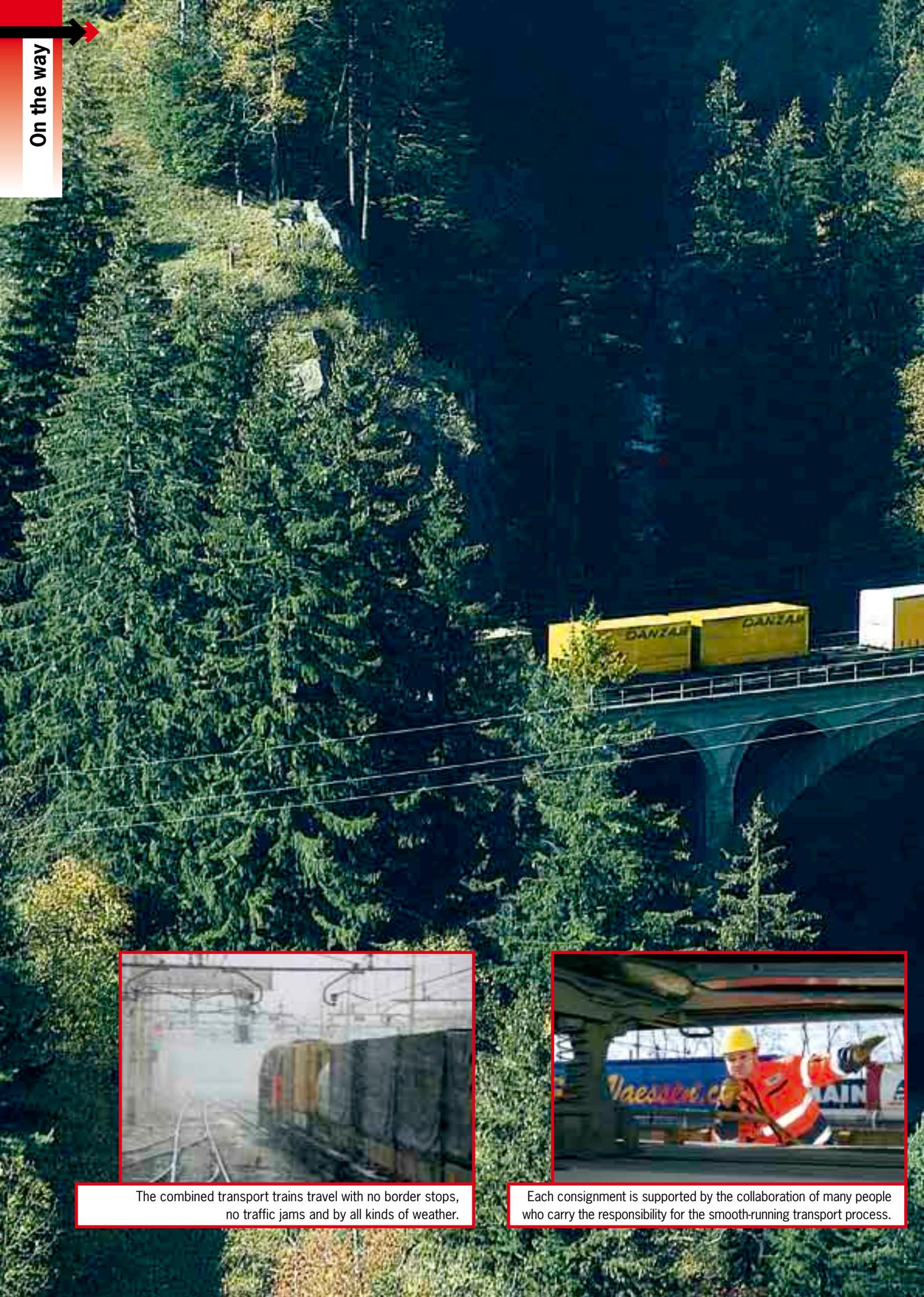


Environmentally friendly, practical, cost-saving, safe and quick – combined transport looks ahead at the future. European economical



growth is relying more and more on the tracks that Hupac pioneered to develop forty years ago.

On the way



The combined transport trains travel with no border stops, no traffic jams and by all kinds of weather.



Each consignment is supported by the collaboration of many people who carry the responsibility for the smooth-running transport process.



Germany, Italy, Switzerland, the Benelux, France, Scandinavia and Eastern countries: Hupac arrives all over Europe with its Shuttle Net.



Since the very beginning Hupac has relied on company-own rolling stock to ensure flexibility and independence.



The Rolling Highway is a complementary option for comfortable transalpine journeys by rail.



The powerful new generation of gantry cranes transfers the load units from the road to the tracks within minutes.



Traffic is under control at all times with the e-train satellite monitoring system for trains.

In the customers' opinion

Customers all over Europe agree that Hupac stands out for the attention paid to customer requirements and for the profitable price/quality ratio.

Walter Gemple

Director
Planzer Trasporti, Como



How long has Planzer been a customer of Hupac?

Since the establishment of our Italian branch in Como in 1987.

Why did you decide to work with Hupac?

For several reasons. One of these reasons is that we share the company's philosophy.

What do you mostly appreciate in Hupac?

First of all, the quality of the persons that is reflected in the quality of the whole.

And what do you not appreciate?

Low flexibility that sometimes smells like "steel rail"!

What else would you ask Hupac?

I have a great respect for persons who strive to do their best. There is nothing else to add.

Do you work with other combined transport operators? Are there any differences?

In the past, we attempted some small ventures. They turned out to be just ventures!

How do you see the future of combined transport?

Before looking at the future, I must look into the past. We can sense from the past achievements that there is still a lot to do. But we are confident.

Sum up Hupac in three words.

One is enough: precious!

Alfredo Bonetti

Managing Director
SAE SpA, Trento



How long has SAE been a customer of Hupac?

Since 1988, when we started working in combined transports.

Why did you decide to work with Hupac?

Because at that time our most important traffic expanded along the Western Italy-Germany axis.

What do you mostly appreciate in Hupac?

Its availability to make itself responsible for the problems of the haulage contractor. Hupac and SAE discussed and resolved the problems together as a single operator, especially when it was necessary to interact with important customers.

And what do you not appreciate?

Lack of quality: there are times when there are no wagons for semitrailers; at times trains are not on time.

What else would you ask Hupac?

More quality.

Do you work with other combined transport operators? Are there any differences?

We usually use Cemac on the Brenner connection.

How do you see the future of combined transport?

I always thought that combined transport would have been a winner in the medium term. The experience with the introduction of the motorway toll in Germany damped our enthusiasm because, contrary to all expectations, there was no boom in the demand of combined transport.



Bart Verbeke

Intermodal Division Manager
P&O Ferrymasters, Zeebrugge



How long has P&O Ferrymasters been a customer of Hupac?

For six years, with a strong development during the last four years since Hupac took over the Zeebrugge-Milan corridor.

Why did you decide to work with Hupac?

Because as Hupac, we do believe in the development of intermodal transport. We were looking for a partner who had the same strategic vision, the means to develop intermodal routes and was willing to share this risk with us.

What do you mostly appreciate in Hupac?

Professionalism. Hupac thinks from a customer's viewpoint and will always go the extra mile to be successful. That's what we were missing with traditional companies. Hupac takes its job seriously and strives for the best all the time.

And what do you not appreciate?

I cannot think of anything I do not like.

What else would you ask Hupac?

We would ask Hupac to develop new routes towards Eastern Europe a bit quicker. Our customer base is relocating to countries like Hungary, Poland, Ukraine and Turkey. Moreover, new consumer markets like Russia and the Baltic Countries need to be linked to the Western European production countries – a huge opportunity but also a challenge.

Do you work with other combined transport operators? Are there any differences?

Of course. Within our organization, the Intermodal Division is the quickest growing. During the last year we were successful to convince some major customers to change from road to rail, thus shifting about 12% of our overall volume to rail. We also use other intermodal operators but the best price/quality ratio we have found is in private operators like Hupac.

How do you see the future of combined transport?

We strongly believe in the rail alternative. Of course road will always be necessary, but we want to quickly expand our rail network and expect 20% yearly growth in our intermodal volume.

Sum up Hupac in three words.

Customer-focused, professional and farsighted.



Jürgen Matzken

Intermodal Supply Manager
Hoyer GmbH, Hamburg



How long has Hoyer been a customer of Hupac?

For decades.

Why did you decide to work with Hupac?

It was not a real decision. As a matter of fact, it is a question that keeps coming up every day. Anyway, the reasons are a good price/quality ratio and the offer of connections that are important for us.

What do you mostly appreciate in Hupac?

A constant attention to customer requirements.

And what do you not appreciate?

The fact that we are not its only customer.

What else would you ask Hupac?

At times, a greater swiftness of reply, for example to the requests.

Do you work with other combined transport operators? Are there any differences?

Hoyer uses all the big combined transport operators, as well as a certain number of smaller operators for special connections. If we want to draw a direct comparison between Hupac and the other big combined transport operators, I must say that in the case of Hupac, business strategy and culture has not been much affected by State railways.

How do you see the future of combined transport?

First of all, infrastructures must be strengthened in order to develop combined transport. Terminals do not stand the continuous increase in load volumes; some railway stretches should undergo an appropriate technical overhaul; wagons are often obsolete; national laws require the train to make useless stops at the border and replace the engine-drivers. In any case, combined transport is the future. The sooner the problems are resolved, the greater the growth.

Sum up Hupac in three words.

Leader in combined transport.

Etienne Wauters

General Manager
Wauters Tanktransport, Hamme



How long has Wauters been a customer of Hupac?

For 5-6 years.

Why did you decide to work with Hupac?

We were looking for a new partner. At the beginning we had some problems with the economic conditions, but then we experienced the very good service level of Hupac.

What do you mostly appreciate in Hupac?

Professionalism and the problem solving approach. If a train stands still, Hupac moves to find solutions: Hupac really cares about customers' problems. They have a very good market knowledge. Hupac thinks about the customers of customers – that's not common use, and it's a great help to us.

And what do you not appreciate?

I really don't have much to complain. Trains are ok, IT is ok, rate level is ok.

What else would you ask Hupac?

New connections to Spain.

Do you work with other combined transport operators? Are there any differences?

Of course we do. Before starting to work with Hupac, we did not know that combined transport could be handled in such a professional manner.

How do you see the future of combined transport?

The future transport growth should be absorbed by combined transport. Politics should act in order to increase capacity and attractiveness of combined transport also on shorter distances. This would improve the performance of the whole transport system.

Sum up Hupac in three words.

Swiss, professional, customer-focused.

Thomas Hänsel

Transport Manager
Transco Süd GmbH, Singen



How long has Transco been a customer of Hupac?

For almost 30 years.

Why did you decide to work with Hupac?

At the beginning for the concessions for long-distance traffic, then for weight advantage and for the transit time across Switzerland.

What do you mostly appreciate in Hupac?

The interesting transit times of the shuttle services through the Alps and the possibility of loading our semitrailers having 2.7 meters of internal height on megawagons.

And what do you not appreciate?

Assigning the traction to private railway enterprises prevents from being flexible on our most important traffic stretch, i.e. putting into operation in a short time special trains in case of intense traffic or traffic problems.

What else would you ask Hupac?

Acquaint the customers with the new connections and timetable alterations in advance.

How do you see the future of combined transport?

Considering that the traffic volume is expected to increase in the following years and the road tolls will rise, I am optimistic on the future of combined transport for long distances. Obviously, transit time and prices must remain competitive.

Sum up Hupac in three words?

Respect for the environment, shuttle trains, Alpine transit.



Hans-Peter Dreier

General Manager
Dreier AG, Suhr



How long has Dreier been a customer of Hupac?

Dreier is one of the first customers. We started with Rola between Freiburg and Cadenazzo.

Why did you decide to work with Hupac?

Hupac is a reliable partner who speaks our "language" and, what's more, it is also very strong on our home markets.

What do you mostly appreciate in Hupac?

Hupac knows what the customers want, and defines market trends.

And what do you not appreciate?

The fact that we still do not have traffic between Switzerland and Spain.

What else would you ask Hupac?

A greater political effect in order to show the political matter of the road/rail relation in its true light. What is only a dream? And what is feasible, also in terms of costs?

Do you work with other combined transport operators? Are there any differences?

We also use Kombiverkehr on certain lines. Differences? Relations are poorer.

How do you see the future of combined transport?

We are still convinced that at the end, after hesitation, there will be again investments in combined transport.

Sum up Hupac in three words.

Trustworthy, available, nice.



Peter Stadtmann

Head Office Intermodal Transport
Fercam SpA, Bozen



How long has Fercam been a customer of Hupac?

For ages.

Why did you decide to work with Hupac?

Hupac offers good quality on the axes we are interested in, i.e. crossing the Alps through Switzerland.

What do you mostly appreciate in Hupac?

The personal commitment of its collaborators when replying to our questions and resolving problems, the will to build new connections, ongoing quality improvement.

And what do you not appreciate?

I cannot think of anything.

What else would you ask Hupac?

Strengthen the Benelux-Italy connections and realize the connections through Brenner and in North-eastern Italy.

Do you work with other combined transport operators? Are there any differences?

It is obvious that we also use other operators. The major differences are in the quality of information flow. Hupac always keeps me informed about the traffic situation. Quality, service and density of the traffic network are also important.

How do you see the future of combined transport?

Very positively. Over the last few years, something changed to the advantage of combined transport. In order to manage the future traffic volumes, infrastructure must be strengthened. Especially in the Venetian region, the lack of infrastructures is a big problem that must be resolved as soon as possible.

Sum up Hupac in three words.

Swiss precision, vision for the future.

Roger Ehrbar

Euroline Manager DHL Freight
DHL Express Italy, Busto Arsizio



How long has DHL been a customer of Hupac?

Since 1968! From the beginning of its transport activity.

Why did you decide to work with Hupac?

By force! (No, I am kidding!). We practically grew up together.

What do you mostly appreciate in Hupac?

It thinks like a typical forwarder and not like a civil servant.

And what do you not appreciate?

Being dependent on third-party terminals.

What else would you ask Hupac?

Punctuality, flexibility.

Do you work with other combined transport operators? Are there any differences?

Of course. But with Hupac we feel like customers and not just numbers.

How do you see the future of combined transport?

On the one hand I am optimistic, since I expect a further growth, on the other hand I am also sceptical, because the demand exceeds the offer by far (lack of train paths, trains and terminal capacities).

Sum up Hupac in three words.

Professional, reliable, available.

Jan Skov

General Manager
Norfolkline, Fredericia



How long has Norfolkline been a customer of Hupac?

Since 2001.

Why did you decide to work with Hupac?

To strengthen a railway operator that is less influenced by State-owned rail companies.

What do you mostly appreciate in Hupac?

The determination to strive for offering products that meet market expectations in terms of quality, time and price.

And what do you not appreciate?

The incapability of making the Busto terminal work efficiently and properly. The extension of the terminal requires a new check-in area and qualified personnel able to manage priorities. This has not occurred until now.

What else would you ask Hupac?

To increase the focus on Busto terminal hourly throughput and thereby customer satisfaction – and to maintain a strong focus on this until second to none status is achieved.

Do you work with other combined transport operators? Are there any differences?

Yes, and Hupac should copy best practice in terminal management and improve its organisation.

How do you see the future of combined transport?

Prosperous, provided combined traffic can keep costs at competitive level and improve quality up to 98%.

Christian Gruber

General Manager
Gruber Logistics, Ora



For how long has Gruber Logistics been a customer of Hupac?

For 15 years.

Why did you decide to work with Hupac?

Because we realized that Hupac commits itself to ensure transport reliability and precision.

What do you mostly appreciate in Hupac?

Its competent and polite personnel, and ongoing quality improvement.

And what do you not appreciate?

Positive aspects prevail.

What else would you ask Hupac?

To be immediately informed in case of irregularities.

Do you work with other combined transport operators? Are there any differences?

Yes. Of course there are differences.

How do you see the future of combined transport?

Very positively. Economy and politics are in search of ecological solutions every day. Climate change and CO₂ production cause big problems. And in this case, combined transport is surely one of the best solutions.

Sum up Hupac in three words.

Quality, commitment, future.

Michael Baechler

Branch Manager
Bertschi SpA, Busto Arsizio



How long has Bertschi been a customer of Hupac?

Since it was set up.

What do you mostly appreciate in Hupac?

Innovation capability and the willingness to cover the more difficult road. And its collaborators. There are many smart collaborators in different sectors. People doing their best to improve commitment, professionalism and availability towards the customers.

And what do you not appreciate?

The fact that this level and this commitment are not present in the same way everywhere. Know-how and commitment of this group must be extended to all the company in such a way as to raise the level further.

What else would you ask Hupac?

More updated and precise information on the daily traffic situation: quality rather than quantity.

Do you work with other combined transport operators? Are there any differences?

Yes, but Hupac has some more points compared to competitors. This must not lead it to rest on its laurels.

How do you see the future of combined transport?

Judging by how things stand today, combined transport is the main support of growth. There are problems that must be resolved. Such as the capacity of the stretches, rolling-stock, terminals. And shortage of qualified personnel.

Sum up Hupac in three words.

Hupac is innovative, open to novelties, and has the nerve to go against the mainstream.

Wim Vos

General Manager
Vos Cargo Logistics, Oss



How long has Vos been a customer of Hupac?

For more than 20 years.

Why did you decide to work with Hupac?

Because of the excellent connections between Netherlands and Italy.

What do you mostly appreciate in Hupac?

Reliability.

And what do you not appreciate?

The way it manages big volumes and the reduced availability during holidays.

What else would you ask Hupac?

Constant services all year round.

Do you also work with other combined transport operators? Are there any differences?

Yes, but Hupac positively stands out.

How do you see the future of combined transport?

It will grow considerably but it will also have many capacity problems.

Sum up Hupac in three words.

Ambitious, customer-focused, efficient.



Well on the way with Hupac

We use the anniversaries to stop and think. We look at the past with a critical attitude towards our work, then we turn around and look ahead; we decide in which direction we want to go and we set new targets. It often happens that the merry atmosphere drives us to dare too much; in this way, at the next anniversary, we will have some difficulty in looking back.

Five years ago, on the occasion of the 35th anniversary of Hupac, I dared to formulate some targets: "The objective that we must attain within five years, when we will

celebrate the 40th anniversary in 2007, is to have the nerve to look back and say:

1. The Lötschberg tunnel has been realised, trains are overcrowded;
2. The problems with the south connections are all over and done with;
3. The "One-stop-shop" between Rotterdam and Milan has been opened, and the forwarders press towards the faster and less difficult railway corridor;
4. The EU Countries calculate the external costs of the heavy road traffic and collect the tax for using roads;
5. Road freight through the Alps not only interrupted its growing trend but even drastically decreased;
6. In five years, Hupac increases the quantity of rail transported goods fivefold."

Today, Hupac celebrates its 40th anniversary. And even if five years ago the merry atmosphere drove me to formulate rash targets, today we can weigh the cons and pros of the situation without blushing. Over the last five years, transport policies have really taken a step forward:

1. On 15th June 2007 the base tunnel of Lötschberg comes into operation. At first, it will be used only for freight; later on, starting from 9th December 2007 it will be used also for transporting passengers. If Hupac could celebrate its anniversary at the end of the year, we would be able to make some considerations on the use of the base tunnel. But for the moment we can only rely on some indications, for example, the fact that already over the last few years train exploitation has enormously increased.

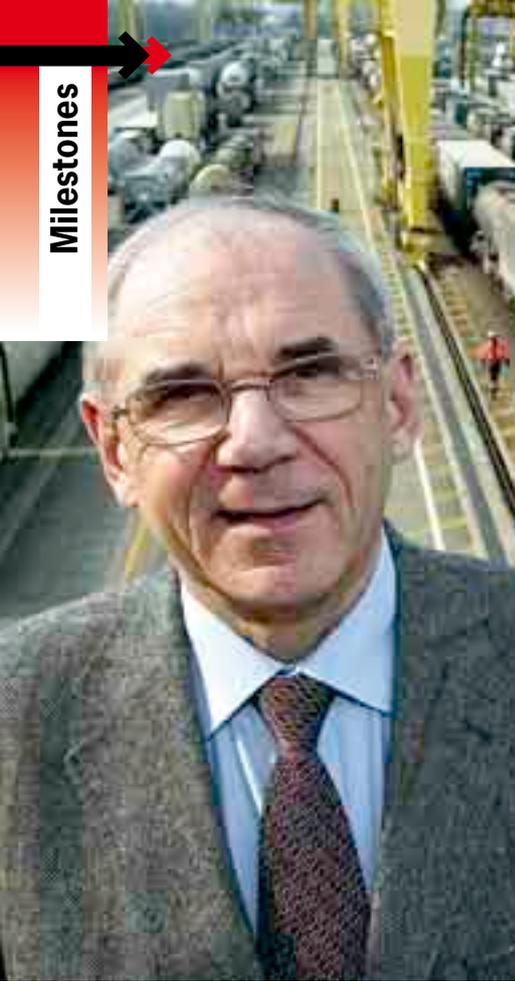


2. The desire to resolve in 2007 the south connection problems was realised with Lötschberg. The capacities of the access to the Simplon tunnel were realised; the means of transport crossing the base tunnel may be loaded and unloaded in Italy. We are still working on the Gotthard axis. For the opening of the Ceneri base tunnel, expected in a dozen or more years, the continuation towards south must be ready.
3. The "One-stop-shop" concept was not successful, but the objective was attained. Today, the corridor that connects Rotterdam to Milan is crossed by a series of small and big international railways offering the users singularly handled services.
4. Today, in the EU Countries, incentive taxes are not collected everywhere. However, with the Eurovignette directive the EU has enabled all Countries to collect a tax for using the roads. Germany, the biggest EU Country, introduced the toll for lorries. The objective of introducing a tax for heavy vehicles using the domestic roads in 2007 was too ambitious. In compensation, another instrument that nobody considered five years ago was developed: the exchange of Alpine transit that would submit the crossing of the trucks through the Alps to rationed authorisations upon payment and would reduce the heavy traffic in the highly sensitive Alpine zones. The ministries of transport of the Alpine Countries will propose this new instrument at the next meetings.
5. The fifth objective was attained: the transit of the trucks on the Alpine roads was drastically reduced.

From the year of reference 2000, in Switzerland the number of trips across the Alps made by trucks has decreased by 16%. Now, they total less than 1.2 million. Without the policy of modal shift from road to rail, we would have approximately an additional 400,000 trips per year. But in order to halve the road traffic of heavy vehicles, we need the Lötschberg and especially the Gotthard base tunnel.

6. Today, Hupac has not increased the quantity of rail transported goods fivefold. I must admit it: when I said that we would have increased the quantity of rail transported goods fivefold it was more rhetoric than transport policy. From 2001 to 2006, Hupac nearly doubled transported goods. And every year growth is characterised by a two-digit number.

On the 40th anniversary of Hupac, we look back and we may rejoice at the success of the pioneer of combined transport. Trusting to the future, we think that we do not exaggerate by saying: in ten years, when Hupac will celebrate its 50th anniversary, we will be one step from completing the flat railway through the Alps, and therefore from the quantum leap towards shifting road traffic to the railway. We can surely wish Hupac (we would never take the liberty of doing so with anybody else) a happy birthday by saying: "We are looking forward to celebrate your fiftieth anniversary!"



Five pioneers, one vision

At the end of the sixties, Hupac was founded to meet a genuine market need for safe, reliable traffic across the Alps.

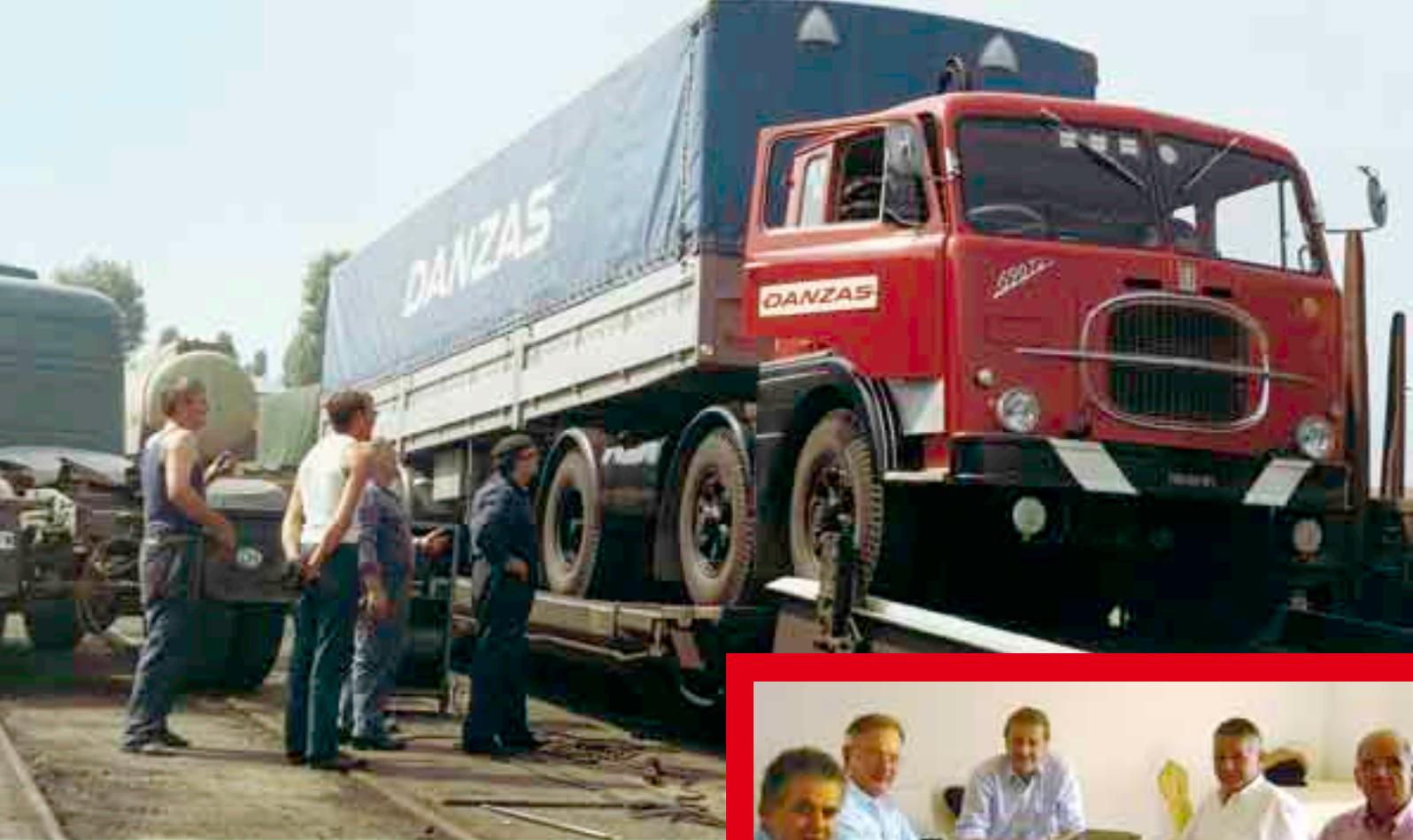
Five pioneers were the godparents when Hupac was founded. **Hans Bertschi** who was running a haulage business in the town of Dürrenäsch in the Swiss Aargau, in his trucks was transporting antifreeze from the German chemical company BASF in Ludwigshafen in Germany to Milan. Early on he began toying with the idea of doing the stretch through Switzerland by rail. The then Head of Freight at SBB dismissed the idea, but his successor, **Dr. Franz Hegner**, allowed himself to be persuaded by Bertschi in 1964. That same autumn, Bertschi AG began transporting its tanker trucks on standard railway wagons from Basle to Lugano. The long-serving CEO Theo Allemann remembers: "Hans Bertschi was convinced that this was the best solution for transit traffic through Switzerland. Thanks to his far-sightedness, he persuaded the railway people that the road-rail traffic concept could also be of interest to the railway companies."

Traditionally, several carriers have their headquarters in the border town of Chiasso in southern Switzerland including **Sandro Bernasconi** from the transport company Fratelli Bernasconi Cie. He too was determined to send his semi-trailers without tractor by rail over the Gotthard. But how could this load be achieved technically? The support legs on semi-trailers did not provide enough grip on the railway wagons. This jeopardised safety. "Sandro Bernasconi had a very practical turn of mind", says Theo Allemann. "He invented the railway wagon with a dolly axle, on which the semi-trailer could be attached with the kingpin in the normal way."

The fourth member of the team was **Pietro Ris**, General Manager for Italy and the Tessin canton for the company Danzas AG, also based in Chiasso. As a young employee soon after the Second World War, Ris had dealt with all the haulage problems of transalpine traffic. At that time, neither the St Bernhard nor the Gotthard road tunnels existed. The railway companies had a limited competitive advantage. In neighbouring countries, which did not have a 28 tonne weight limit, road transport was growing rapidly and presenting the railway companies with ever-stronger competition. Pietro Ris, who was mostly involved in railway transport, recognized early the dangers of Switzerland being bypassed. He campaigned hard for upgrading the railway for intermodal traffic. Theo Allemann points out: "Intermodal transalpine traffic through Switzerland – at that time it was a really futuristic vision."

Last but not least, **Ueli Maeder**, proprietor of the Jacky Maeder company, also based in the Tessin haulage Mecca, was keen on the project for a joint business for intermodal traffic, and spontaneously decided to participate financially.

As doers and haulage professionals, the five pioneers did not need any studies nor business plans. They simply went for it. They planned a company with its own special wagons, which organised the business and would undertake the loading and unloading of the trains. The



Hupac's Board of Directors (from left to right): Daniel Nordmann (SBB Cargo), Thomas Baumgartner (Fercam), Hans-Jörg Bertschi (Bertschi AG), Bruno Planzer (Planzer AG), Theo Allemann. Absent: Thomas Hoyer (Hoyer AG)

"Hupac" company name, derived from the German word "Huckepack" (piggy-back), was not invented by some advertising consultant, but by the Danzas boss Pietro Ris.

When on 1st March 1967 in Chiasso the five pioneers founded Hupac Ltd as a company with private enterprise Articles of Association, and each had placed 100,000 Swiss francs on the table, they had little idea what they had set in motion. One year later the company began operating with 10 of its own Wippen wagons, constructed by Ferriere Cattaneo in Giubiasco. "This was the first time that road hauliers invested in railway wagons", explains Allemann. "They made sure that the railway wagons were running loaded, actually with their own road vehicles. That is how intermodal traffic paid for itself and developed long-term."

The first Hupac trains ran between Basle and Melide near Lugano. In 1969 the young company extended the traffic to Cologne and Milan. "The sceptics at that time were dumbfounded", remembers Theo Allemann. "For some road hauliers we were traitors, and many railway people wanted nothing to do with road traffic on railway wagons."

Now, in its 40th anniversary year, Hupac is sending more than 4,500 wagons across the European railway network. The private sector element has dominated the dynamic company right from the start, and it has stayed that way. This also explains the consistently improved efficiency. "The first time we loaded four semi-trailers it took seven hours", recalls Theo Allemann. "The latest gantry cranes do the transfer within one minute."

Road and rail together at the wheel

"Let me tell you the secret of Hupac's characteristic dynamism." Theo Allemann, who brought Hupac's first train onto the rails in 1968, and was in charge of the company until 2003, smiles mischievously. "Since Hupac's foundation up to the present, the fate of the company has been guided by a strong Board of Directors – a group of people who really know about rail and road. They adapted to the market conditions and transport policy, and exerted some influence over these. Chairman of the Hupac Board have been Pietro Ris from 1967 to 1987, Bernd Menzinger from 1988 to 1993, Hans-Jörg Bertschi from 1994 until the present. This dynamism, added to clear strategic instructions, is communicated automatically to the company management and then on to all the employees. People are motivated, they think positively, they uphold the corporate culture. Hupac has grown thanks to this recipe, and has secured a place for itself in the freight traffic of the future."



Success through innovation

Hupac has been writing the history of combined transport in Europe for the last 40 years.

"24 road vehicles – but instead of 24 drivers just one locomotive," was the headline on a Hupac prospectus at the end of the 1960s. At that time, the Gotthard road tunnel did not yet exist, and trucks had to struggle over the pass, which in winter often had to be closed. Business boomed, but the difficult passage over the Alps increasingly impeded the trans-European flow of goods. In 1967, innovative hauliers together with the SBB founded Hupac Ltd with the objective of combining road and rail in a sensible way.

It is true that Hupac did not actually invent intermodal or combined transport (CT). Already in the 1950s some pioneers in European road freight traffic were looking for ways of transporting semi-trailers, swap bodies or even complete trucks by rail. In 1959 some French transport companies founded STEMA, the first company for intermodal traffic. In the middle of the 1960s, the Dutch company Trailstar and the Belgian company TRW were founded; then Hupac and soon after the German company Kombiverkehr. Market conditions at that time were clearly set: on one side the CT companies, and as their partner the railway monopolies.

The European CT companies get together in the UIRR

In 1970 in Munich several progressive companies – including Hupac – joined together to form the umbrella association UIRR (Union Internationale de sociétés de transport combiné Rail-Route). Gradually many CT companies in Europe joined. The first UIRR Secretary General, the Dutchman Pieter Groenendijk, summarised the guidelines for the development of intermodal traffic:

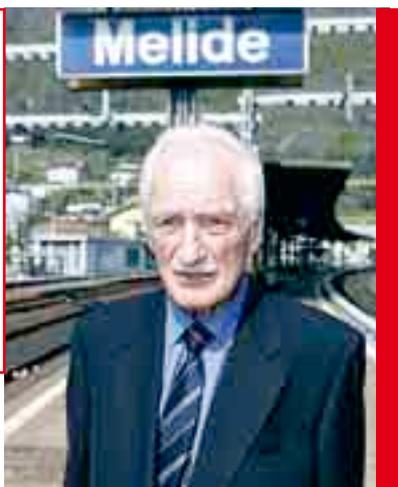
- ▶ The road transport company is the lead freight driver for the entire route – including any transport by rail.
- ▶ Among the CT operators, the road transport representatives should have the dominant voice.
- ▶ Anyone who operates road transport must have free access to forwarding by rail.

Cooperation and work sharing

The intermodal traffic companies, led by the road hauliers, organised themselves nationally. The railway companies were involved to varying degrees with the individual companies, until the millennium generally only with minority shareholdings. The CT companies were responsible for marketing and sales, and the building-up

Always on the side of combined transport: Luciano Camponovo, the former freight traffic vice-director of SBB

1968 - First international test transport Melide-Mannheim



of traffic connections with attractive timetables. On international links, the national companies in the UIRR worked together.

The loading and unloading of trains was the responsibility of the CT companies, while the railway companies generally provided the infrastructure for the transshipment facilities, such as tracks and approach roads for trucks. The companies involved in intermodal traffic generally provided the cranes. The expensive gantry cranes running on rails could only be built with the help of state subsidies.

Right from the pioneering days of intermodal traffic, the companies campaigned for trains reserved entirely for this purpose. Attaching and shunting individual wagons did not make sense. Hupac purchased and financed railway wagons right from the start – something that gave it autonomy and flexibility. The private sector element has been dominant from the start, and it has stayed that way.

Intermodal traffic in competition with road transport

The growing international division of labour led to a swelling flow of goods in transalpine traffic. In road traffic the new infrastructures allowed increased productivity, quality services and competitive prices. The opening of the Gotthard road tunnel in 1980 – a high point in the expansion of the road network – was a clear signal. The railway companies on the other hand had to cope with railway tracks laid over 100 years ago.

While in the 1990s road transport in the European internal market was able to lower costs by 25%, the railways increased their prices by 30%. At the same time, the punctuality of the CT trains deteriorated. Intermodal traffic was being pushed to the sidelines. But then the growing traffic jams on the roads, with their intolerable environmental impact, began to shift the attention of the public and politicians towards the more environmentally acceptable transport system.

With financial support and other relieves for the railway companies, the CT companies and their customers, the combined transport gradually boosted its attractiveness in European countries. Since the 1990s, Switzerland and Austria have been directly subsidising transalpine traffic, in order to avoid the collapse of the roads through the Alpine passes. Until today, the high production costs on the obsolete mountain routes have been adjusted by public operating contributes, to allow the railway to keep pace with road.

Hupac introduces shuttle trains between Germany and Italy

New ideas were needed in order to strengthen the market position of intermodal traffic vis-à-vis the “Road” competitor. In 1992 Hupac started organising shuttle trains between the Busto Arsizio terminal north-west of Milan in Italy and Cologne in Germany. Entire trains with an unchanged stock of wagons, under contract to, and at the risk of, the CT company, shuttle between the two end stations. This efficient and cost-saving idea assumes correspondingly large transshipment locations – infrastructures that only existed in Cologne until the opening of the Busto Arsizio terminal.

As a further development, in 1993 Hupac introduced what is known as Gateway traffic in Busto Arsizio. This means that consignments arrived on shuttle trains are directly transhipped, from wagon to wagon, on a shuttle train with a new and farther destination. This way also peripheral business areas can be linked to shuttle network.

Railway liberalisation: a paradigm change for intermodal traffic

“Separation of infrastructure and traffic” and “free access to the network” are the new mottoes for promoting competition between the railway companies and improving the global performance of the system. The EU’s first “Rail package” came into force on 15th March 2003 and was exclusively concerned with freight traffic. All Member States are required to grant every provider of trans-national freight transport access to the 50,000 kilometres Trans-European Rail Freight Network. In this way, the century-old established system of national railway traffic is gradually being broken up. The traditional rules of the game in the market are eroding, and new opportunities are surfacing. Where previously the national railway took over the traction of internationally operating

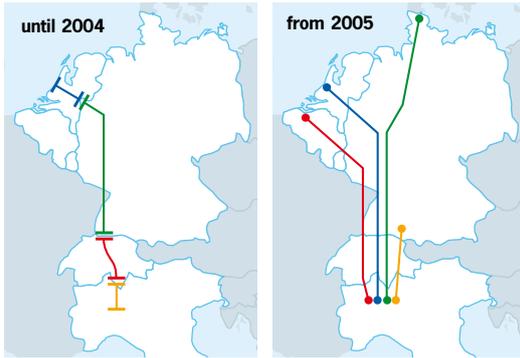


1973 - Hupac's first train with wippen wagons in Rotterdam

Holland, birthplace of combined transport

The Dutch branch of Hupac Ltd has a proud past to look back on as one of the first CT operators in Europe. In 1964, hauliers and freight carriers joined forces with Dutch national railway company NS to found the combined transport company Trailstar, based in Rotterdam. Transport began on the Holland-France axis; at the start of the seventies, this was complemented by transport to Italy via Modane. However, it proved more rational and cost-effective to operate the transport to Italy on the direct route through Switzerland. So at the start of the seventies, Trailstar and Hupac began to collaborate closely to develop the constantly growing volume of transport between Holland and Italy. Over the years Trailstar started transport to the East and developed maritime transport. In 1998 Hupac acquired the majority of the shares in Trailstar, followed in 2003 by the company as a whole. Under the name of Hupac Intermodal NV, the company today supports the continuous expansion of the strategically important Holland traffic operations.

**Integrated traction responsibility
One train partner from source to destination**

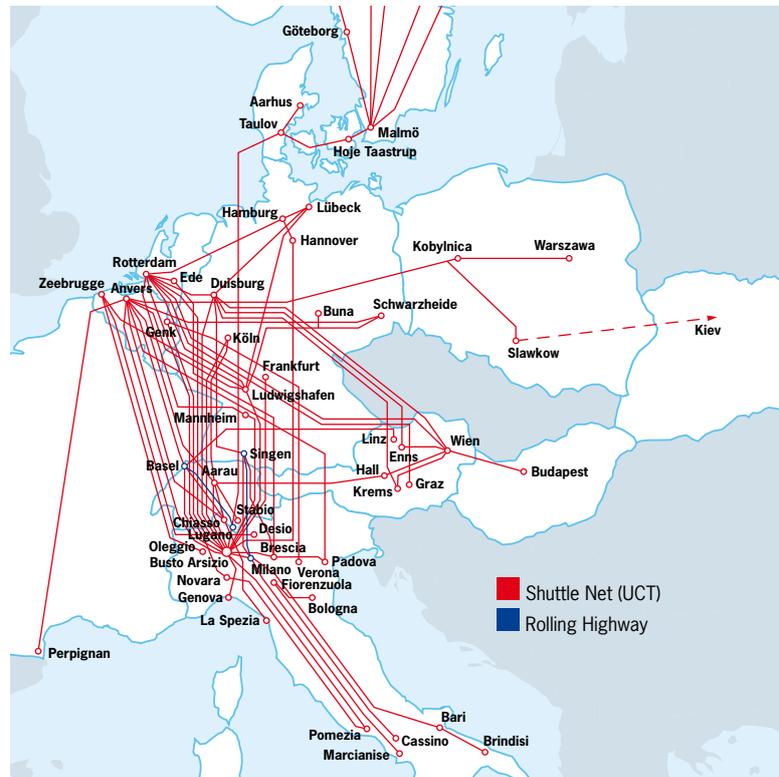


The advantages

- ▶ Traction productivity can be remarkably improved. The delay-prone locomotive change at the frontier is no longer needed.
- ▶ The responsibility for traction lies with just a single railway company. The railway consignment notes and customs data, which previously had to be shown at up to five different railway companies and customs locations, are now coordinated at a single interface. The running control of the trains is now done by one operator.
- ▶ The seamless flow of information to the customer is assured.
- ▶ Quality agreements in collaboration with customers are now possible.
- ▶ The railway takes on full responsibility for service parameters. Partners working to optimal levels of quality can position themselves better in the market.

compositions at the frontier, these days trains can just go straight through. Hupac's rail partners run from Rotterdam to Novara, from Belgium to Verona, from Cologne to Busto in integrated traction responsibility. For the railway companies too, the opening of the market offers a great opportunity, because it compels them to lower their costs and to increase their competitiveness compared to the roads.

Following Railway liberalisation, the rules of the game in intermodal traffic have changed. Many railway companies are getting into the intermodal traffic business either directly or via newly established subsidiaries. In many of the older CT companies, national railway companies today hold a majority stake. This removes the



basis of the free market, reinforces protectionism, and inhibits the development of intermodal traffic. As one of the few private CT companies, Hupac is a driving force in the current process of railway liberalisation.

Hupac banks on the opening of the market

Hupac prepared itself early on for fair competition, and has actively supported the liberalisation of the railway market. As early as 1999 the company obtained a railway licence for Germany, and two years later for Italy. In 2004 Hupac was the first CT company to invite tenders for traction services, and awarded the contracts "from source to destination" to the railway company with the most convincing offer. Five partners were able to get a fixed place in the Hupac offers of unaccompanied traffic and the Rolling Highway: SBB Cargo, Intermodal DB Logistics, Trenitalia Cargo, Ferrovie Nord Cargo and Rail4Chem.

We still have a lot to do

Seven years after the publication of the EU White Paper on traffic, and four years after the coming into force of the first railway package, there is still no genuine competition on the railways in several EU countries.



Many procedures are too onerous and slow, and the relevant directives are not enforced. New entrants are often discriminated against, and “old” railway companies receive hidden subsidies through deficit offsetting and other channels. What is missing is independent active regulators who have the necessary authority and can intervene in the market to remedy things that are not as they should be.

State grants are given to state-owned railway companies in all sorts of different forms: through covering deficits, restructuring at no cost to the company, or credit guarantees. Thanks to these privileges, the old-established railway companies have effective ways to impede the emergence of new market participants, and to protect their own market-dominant positions. In many EU states, the separation of the infrastructure managers from the railway operators has not happened at all, or insufficiently. The infrastructure managers have many opportunities to discriminate against individual railway operators, and thereby to slow down the innovative power of competition. In addition, technical barriers to competition affect productivity. For example, the new train safety systems ECTS Löttschberg and SCMT Italy are not compatible, and force the railway companies into making additional large investments. There are high expectations for the second railway package, which envisages the full opening of the railway freight traffic network from 2007, and it deals with the key issues of the technical harmonisation of the various different railway systems.

On the way to even better quality

95% of trains must run punctually in order to keep customers happy. This is a target that has not been reached in intermodal traffic since the mid-1990s. The production costs of the railway companies are influenced to a large degree by how efficiently the rotation of wagon compositions can be achieved. The higher the average speed of the trains, the fewer wagons, locomotives and staff are needed. Some optimisation is urgent because the flow of goods through the Swiss Alps has grown by 50% in the last 10 years. Freight traffic comes behind long-distance and regional traffic in priority for the right of way on the railway networks, and suffers the greatest delays in the event of traffic disruptions. This is the main reason for the low average speeds. But poor quality undermines the trust of customers, and can lead to a return of traffic on the roads – a development that must be stopped at all costs. This requires additional efforts by all the partners in the logistics chain.

Upturn in intermodal traffic

In the 2006 financial year, Hupac stood out with a double-digit growth rate. Over 600,000 truck consignments were carried by rail, an increase of 18% compared to the previous year, and of 71% on a four-year comparison. “Intermodal traffic has grown proportionately faster than road traffic”, explains Hans-Jörg Bertschi, Chairman of the Board at Hupac. “Rail is winning back market share from road.” More and more shipping companies are diversifying their modes of transport, because traffic jams on the roads, a lack of drivers, and traffic taxes like Maut (road tolls) and LSVa are working in favour of combined traffic.



2004 - Extra-low-floor wagon for the Rolling Highway.

Hupac, the laboratory of wagon technology

The central question of combined transport has always been which type of wagon is best for carrying the load units from road freight transport on the railways. For decades, the engineering department of Hupac has reconciled the requirements of the market, railway infrastructure and train operation, working with the manufacturers to develop innovative rolling stock. The evolution of Hupac's rolling stock shows how the wagons in combined transport have become ever longer, more stable, deeper and quieter.

- 1967** Hupac purchases 10 two-axle Wippen wagons for semitrailers. The payload is 16 t.
- 1971** The four-axle Wippen wagons are capable of carrying a payload of 25 t.
- 1972** Hupac purchases 10 low-floor wagons from Simmering-Graz-Pauker, with which whole HGVs can be carried with a payload of 16 t.
- 1978** The pocket wagon I (13 m long, 44 t payload) ushers in a new successful series of wagons that allow the transportation of semitrailers as well as swap bodies.
- 1980** New low-floor wagons with a 40 t payload come into operation on the Singen-Milan Rola connection.
- 1983** Pocket wagon II, 16 m long, for 60 t payload.
- 1984** Pocket wagon III, 18 m long, for 60 t payload.
- 1987** The first wagon for swap bodies and containers goes into operation.
- 1990** Introduction of the low-set Mega double wagon for HGVs with 3 metres of internal height.
- 2001** Hupac purchases new wagons with low-noise brakes as a matter of principle.
- 2003** Pocket wagon IV, 20 m long, for 68 t payload.
- 2004** Hupac develops an extra-low-floor Rola wagon for HGVs with a corner height of up to 4 m on the Gotthard stretch.
- 2005** The new-generation container wagons are designed for a 72 t payload.
- 2006** The pocket wagon V allows the transportation of megatrailers.



A very strategic junction

Theo Allemann, for many years Hupac's CEO, blazed the trail for the important intermodal hub Busto Arsizio-Gallarate northwest of Milan.

With the help of imposing gantry cranes, the semi-trailers are quickly and accurately lifted from the railway on to the trucks. The long-legged cranes with the yellow bridges move around as if guided by a ghostly hand. Trains move forwards, trucks circulate, and the giant terminal northwest of Milan is pulsating with life. But for the efforts of Theo Allemann, for many years Hupac's CEO, the largest transshipment terminal for Europe's intermodal traffic south of the Alps would not exist. This charismatic manager who led Hupac for 35 years is now retired, but his knowledge and experience are still frequently asked for in the company.

"The Milan terminal was important for intermodal traffic", he recalls. "In the early days, Hupac reloaded freight in the station at Rogoredo. Lack of space meant we soon had to move to Greco Pirelli." The transalpine traffic kept growing, and soon even this location was bursting at the seams. Allemann kept looking round optimistically, and happened to get talking to a manager from the Italian State Railways. He mentioned that at Busto Arsizio, space could be made available to Hupac on a derelict timber reloading yard with a rail connection.

The dynamic company rapidly set up a transshipment yard on the site. However, the local people in the heavily populated area objected to the growing number of trucks.

From town to green field

As a credible and capable negotiator, Allemann found a partner in the local mayor, who raised the prospect of a greenfield site for building a new terminal. But it was not easy to persuade all the 18 private landowners to sell their plots of land, nor to convince the local authority about the project. Finally the terminal was declared to be in the public interest. Within a few months, the plots of land were compulsorily purchased at reasonable prices.

Favourable credits from the Confederation made possible the speedy construction of a key junction in the network of European intermodal traffic. In 1992, Busto II was inaugurated by Swiss Minister of State Adolf Ogi – and was soon filled to capacity. After further purchases of land in the neighbouring community Gallarate, the construction machines moved in to build the urgently required expansion.



Hupac undertook to create an extensive natural habitat next to the terminal, in order to protect the environment during the building and operation of the terminal. The hub can be reached directly from the motorway without going through any urban areas. In autumn 2005 the Italian Transport Minister Pietro Lunardi and his Swiss opposite number Moritz Leuenberger opened the expanded Busto Arsizio-Gallarate terminal.

The transshipment terminal has a total area of 250,000 m², with 11 gantry cranes, kilometres of tracks and nearly 300 parking spaces for semi-trailers. It can handle the loading of 60 shuttle trains daily. The terminal employs about 200 people directly, and generates another 4,000 jobs in a variety of industries. Theo Allemann says: "Hupac's initiative, and our persistence, have paid off, also for the people living in the terminal's surrounding area."





Road + Rail = Future

Combined transport reconciles the needs of business, the environment and society. Hans-Jörg Bertschi, Chairman of the Board of Directors of Hupac Ltd, on sustainable development in goods transport.

“Seldom it is possible to combine economic, ecological and social requirements as sensibly as it is with combined transport.” Hans-Jörg Bertschi, a member of the Board of Directors of Hupac since 1987 and its Chairman since 1993, has contributed more than virtually anyone else to the development of environment-friendly combined transport. As head of the chemical logistics company Bertschi AG, he also opts consistently for the railways. “Goods transport must be seen as a complete system and developed as such,” demands Bertschi. “Combined transport links road and rail, offering the advantages of both modes of transport. Only the environment-friendly enhancement of goods transport will prevent logistics from becoming a critical factor.”

The name Bertschi stands for a great deal of continuity at Hupac. Hans Bertschi Senior loaded the first trucks onto railway wagons in 1964; three years later he was involved in the foundation of Hupac Ltd and governed the development of the company over many years on the Board of Directors. His son Hans-Jörg published a dissertation in 1985 entitled “Transalpine transport, illustrated by the development of a new transverse rail

route through Switzerland”, providing a major impetus for the development of the Alpine tunnels. “With today’s investments in transportation routes, we will determine tomorrow’s modal split”, was the central message. Hans-Jörg Bertschi says: “I wanted to provide well-founded means for decision-making to the transport policy at the time and support the formulation of a long-term transport policy strategy.” That the future would belong to combined transport was something he realised even at that time.

For the Hupac Chairman, sustainability means more than the sparing and responsible handling of natural resources, as is the case with rail freight transport. “Our whole corporate strategy is oriented towards sustainability. We want to make sure that the company endures in the long run. And we want to make a positive contribution to mobility in the globalized world market and the growing Europe.”

With its Alpine transit concept that combines the advantages of road and rail in the best possible way, Swiss transport policy has done pioneering work and



Within ten years the goods trains will cross the Alps on a flat rail route through Gotthard base tunnel.

achieved some important successes, thinks Bertschi. "But transport policy needs a lot of staying power", he observes. "The long construction times and high costs of the NEAT traffic infrastructures by themselves make a long-term strategy indispensable. Until the Gotthard base tunnel comes into operation, probably in 2017, transalpine combined transport will require subsidies on the same scale as today, so that it can hold its own against the road on an over a century old railway infrastructure."

 Irmtraut Tonndorf



The success factors for combined transport

Productivity

Combined transport must keep pace with the productivity growth in the closely calculating, free market of road freight transport. In train operation, at the terminals and in administration, further improvements are necessary to reduce costs and boost performance.

Performance in line with the market

Reliability, flexibility and the capacity for planning are the main performance criteria in combined transport. The ability to innovate and respond rapidly to the needs of the market is crucial for competitiveness.

Railway liberalisation

Competition between different rail operators using the same infrastructure enhances supply and productivity. Since 2005, the North-South goods corridor from the Netherlands through Germany and Switzerland to Italy has been the first main line in Europe where a proper railway market has grown up. Today, five railway companies with integrated traction compete on this axis. Nowhere in Europe is rail freight transport growing more quickly than in this corridor, where combined transport is winning market share back from the road with double-digit growth rates.

Development of railway infrastructure

For decades, Europe invested in the development of the road network, while the railway had to cope with infrastructure that was often a century old. With the NEAT base tunnels at the Lötschberg and the Gotthard, a future-oriented railway infrastructure is now emerging in the heart of Europe. However, the huge investments only add up if the quality of the entire system is improved. The development of access routes in Switzerland, Germany and Italy must progress rapidly.

Handling terminals

Efficient terminals in regions with high traffic density are crucial for the further development of combined transport. Numerous states are funding the construction of terminals, a process that should be continued without restrictions.

Stable framework conditions

The roads and railways are investing collectively in combined transport. But these investments can only be made to the full extent if the framework conditions are stable. With the new dimensions for road vehicles set for upcoming approval, it is important to pay attention to compatibility with the railway rolling stock.



“Combined transport is climate protection par excellence”

40 years and not a bit tired: Hupac is pursuing ambitious objectives for the period from 2006 to 2010. A conversation with the management trio of Bernhard Kunz, Peter Hafner and Peter Howald.

They are “the” faces of the Hupac Group: Peter Hafner, the Chief Financial Officer, Peter Howald, Director of Intermodal Services and Bernhard Kunz, the Director of the Hupac Group. In the past months they first outlined the basic framework for the development of the Group until the end of the decade, before going on to determine the finer details. “Strategy” is what they call it. At Hupac it is part of the corporate culture to define the basic strategic objectives for a medium-term period of five years, to ensure the continuity of the company’s development. “Continuity” is an expression that has always carried weight at this company, which has now been in existence for 40 years. Basically it means building systematically on what has already been achieved and then developing it further. For Bernhard Kunz, this element of sustainability is one of the guarantees of success for the company.

The shareholders are the major driving force

“The fact that we are one of the leading group of companies in European combined transport today is the result of 40 years of hard, systematic work. But we know only too well that success must not lead to carelessness and resting on one’s laurels. No, we are still ambitious and hungry”, emphasises Kunz. Another major impetus for this continuing enthusiasm for action is rooted in the shareholder structure of the company. Kunz says: “72% of our shareholders are still hauliers and carriers. The remainder is accounted for by railway partners

such as SBB Cargo.” The figure of 72% also means that these shareholders form a substantial proportion of the clientele. And customers are demanding. Peter Howald explains: “The development and also the expansion of our network comes about through specific customer requests and orders. Together with our employees we record these suggestions and examine their feasibility. Most of all, though, we are very careful to check the chances for business success. None of our connections is a freak of nature.”

Aiming for over 900,000 consignments by 2010

The European network currently comprises around 100 trains per day. The main part of the business remains transalpine transport. Of the total transport volume of around 612,000 consignments in 2006, transalpine transport accounted for some 438,000 consignments. Howald says: “Transalpine transport will also remain the core business in the next five years. Partly because the European exchange of goods on the North-South axis will continue to grow in the coming years.” There is another aspect likely to play an important role in the current five-year period: “The concept of environmental protection will be significantly expanded in future to include the idea of climate protection. In short: combined transport is environmental protection par excellence.” By 2010 there should be 717,000 consignments transported by rail across the highly sensitive Alpine area in an environmen-

tally sound manner. Overall, by the target year Hupac anticipates around 928,000 road consignments. Compared to the starting year of 2005, this would mean an increase of some 80%. Kunz says: "It is important for us to gain this growth from within the market, which means from the road."

The days of the low-cost trucker are over

But back to the development of the network. Kunz continues: "Since the year 2000 we have been complementing our strong framework of North-South routes with assemblies to allow the development of routes in an East-West direction. Here, too, the decisive impetus came from the market, from our shareholders and customers." The economy in Central and Eastern Europe has always had a strong bias towards rail as a mode of transport. However, Kunz also concedes that the conditions for CT operators in Central and Eastern Europe over the last three years have not always been easy. The "dumping rates" of hauliers operating purely on the road have been mentioned over and over again. Yet the reversal of this trend is becoming increasingly clear and it is also confirmed by important issues such as the general increase in energy prices, the introduction of road toll systems in various European countries – primarily Germany as the transit country of the EU – and the strict regulations on working hours in the EU of the future. All of this leads Kunz to conclude: "The low-cost trucker on the road is a thing of the past. If you want to continue to exist in the road haulage business, you have to calculate more closely than ever." Consequently, Kunz and Howald are also convinced that it will be possible to develop new customer bases in Central, Eastern and Southern Europe. Yet the considerations continue. Howald says: "An all-important role in our medium-term route concept will be played by the Benelux countries, where the high-turnover, all-purpose ports like Rotterdam, Antwerp and Amsterdam are situated. Large volumes of containers continually arrive at these ports, which presents particular challenges to hinterland transport. The ports are opting for the railways as a mode of transport." So there should be new service offerings developed on the Benelux-Italy or Benelux-Eastern and Southern Europe axis among others. But another interesting field of activity presents itself in the form of transport between the seaports. At the end of 2006, for example, a direct route was established from Rotterdam to Hamburg. Ten years ago this kind of train would have seemed impossible to almost everyone.

Successful CT requires railway liberalisation

Before this market potential can be exploited, however, there are various requirements to fulfil. A fundamental factor mentioned by Kunz is the further opening up of the railway markets. "At Hupac we have always argued strongly in favour of market liberalisation. And we will continue to hold that course. Of course there has already been some activity in terms of opening up the markets. Countries like Belgium or France are opening up and making rapid progress. And we are going to exploit these opportunities. From our point of view, the European Commission should do all it can to ensure that this liberalisation of the markets is sustained, because it benefits the market and the environment."

The NEAT will bring an increase in quality

Another requirement for the growth of the network is the availability of railway infrastructure. Kunz and Howald refer to the variable condition of the network but also that of the terminal structure in the countries concerned. Howald says: "Let us look at the Netherlands once again. At the moment they are the only country in Europe to have built a railway line reserved solely for goods transport, the Betuwe-Lijn, which is set to come into operation this year. Of course, from a rail operator's point of view these are dream conditions. Because otherwise the users of the railways in Europe have to share the infrastructure with passenger transport, which is also growing strongly. As a consequence of this, railway goods transport is treated as a second priority. At Hupac we have argued for years in favour of a sort of 'balanced priority regulation'." An increase in the quality of the network will also be provided by the start-up of the Gotthard level railway in about ten years' time. Kunz says: "The high-performance routes must not remain an isolated solution. It is crucial for them to be integrated into the European network."

There is also a need for action on the issue of "procedures for licensing, material testing and safety in Europe". There is no trace of European unity to be found here. The consequences are additional costs and serious delays. All the same, the Hupac Group has so far managed to obtain licensing as a rail transport company in two European countries, namely Germany (1999) and Italy (2001). By now the Group has also acquired 13 locomotives of its own – including main-line and shunting locomotives. But traction is not where the company sees its core business today or in the coming years. Kunz says: "Entering



2006 - Company trip to Villa Litta, Lainate

the market on a grand scale ourselves is out of the question. But we are retaining our option to provide our own traction if there are no alternatives.”

The terminal commitment must be expanded

Another aggravation for the combined transport operator are difficulties in gaining access to the handling terminals. Howald says: “The terminals play a crucial role for us as a combined transport operator. They are the interfaces between the road and the railway.” According to Howald, there are still national railway companies who step on the brakes when it comes to third-party access to the terminals. As one of the few combined transport companies still not dominated by a railway company “we are not welcome everywhere. Because people know that we argue strongly in favour of free access to the market”, emphasises Howald. Despite the obstacles, Hupac will continue to expand its terminal network – as an integral part of its growth strategy. Howald says: “That may happen in various ways. The options range from shareholding through cooperation to entering the market ourselves.” A perfect example of a successful market entry is the Busto Arsizio-Gallarate hub. According to Howald: “One of the most interesting terminal locations is Antwerp. We are searching for suitable opportunities in the largest Belgian seaport.”

Good punctuality is a must

The various components – terminals, train path availability, traction services – play a very special role in the highly sensitive issue of train quality/punctuality. In this area, too, Hupac has always been committed to innovation. In 2004 the company introduced the concept of traction from one source, i.e. with one partner taking full responsibility for the whole stretch. At the time, the concept was like a miniature revolution but it has won recognition on the market and these days it is even imitated by the competition. In terms of punctuality, the key figure for the Hupac management trio is 90% or more. At the moment – considered purely as an average – it is 70%. Adhering to this high target value is not merely a question of principle. Hafner says: “Punctuality has a great deal to do with business success, because a satisfied customer is a long-term customer. A high level of punctuality also means that we can deploy our fleet of almost 4,500 wagon modules economically. Because delays also mean that expensive wagon equipment is tied up, thus representing idle capital.” That is why the Hupac Group has also spent the past years working at full steam on IT systems to optimise the operation and control of the wagon fleet. Knowing what rolling stock is available where and when is crucial for success on the market. Hafner says: “We have also set standards here in comparison to the rest of Europe.”



Bernhard Kunz

Director of the Hupac Group



“We are a team”

His laughter is infectious, the red tie signals optimism and a “can do” attitude. Bernhard Kunz, born in Zürich in 1957, likes the Tessin region. He is fully involved in his role in the Hupac Group. After attending a commercial college in 1976-80, he earned his spurs as a salesman at Danzas in Chiasso. But this desk job was not to his liking long-term. The Danzas Manager and Hupac founder member Pietro Ris, after the military academy, sent him to the US. “I could hardly speak English”, laughs Kunz, “so in the beginning I always ordered a roast beef sandwich – it was the only thing I could more or less pronounce.” He quickly found his feet as an Export Manager in Cleveland. In 1985 he moved as Branch Manager to Danzas Norfolk in the Southern US state of Virginia, where

he also met his wife. In the US, Kunz experienced what you might call time-lapse, namely something that happened in Europe two decades later – the liberalisation of the railways. From more than 50 freight railway companies – some highly subsidised – essentially only four profitable big companies survived. These now carry enormous tonnages on kilometre-long freight trains all over the continent, while several smaller companies offer feeder services. “At the Intermodal Show in Atlanta I met Theo Allemann, the charismatic boss at Hupac”, recalls Kunz. “We talked for a long time, and at the end I realised that I wanted to return to Switzerland and Hupac.” In 1988 it happened. His wife and children quickly adjusted to life in Tessin. Kunz worked for some years as Production Manager in unaccompanied intermodal traffic. Then he climbed the career ladder and in 2000 became Assistant Director of the holding company. In 2003 he took over the management of the subsidiary Hupac Intermodal Ltd and Hupac Ltd.

Kunz travels a great deal, in order to make contacts and build up new lines. Eastern Europe is becoming increasingly important. Recently he travelled to Russia in order to firm up a project for a railway link from Poland through the Ukraine to Moscow. Another journey took him to Constanza, in order to open up this Romanian port as a gateway for intermodal traffic towards the East. Kunz keeps himself fit by early morning runs in the forest. Freshly motivated, he goes to work with a spring in his step. “We are a team”, he asserts, “the Hupac credo is to delegate responsibility to employees at every level. I enjoy working with young people who have what the Italians call ‘grinta’, to attack problems and solve them.”

Wagon development set to continue

Hupac intends to continue the expansion of its wagon fleet in future. Hafner: "In our view that is a key task. It will enable us to retain our independence and flexibility. The situation is clear: at the moment, thanks to the pleasing volume growth in European railway goods transport, there is a shortage of wagons. But this equipment takes quite a while to obtain, so a shortage of wagons can cause obstacles to growth." But the rolling stock policy is not based solely on sheer increases in volume. As a company eager to innovate, Hupac has always exerted a direct influence over wagon development, not least because it has been prompted to do so by its shareholders. There they are again, the shareholders. For instance, the company has commissioned the development of wagons that can be used to transport the so-called megatrailers, even over stretches with lower profiles. A decision that was dead right, as shown by the success achieved. Hafner says: "We are continuing wagon development systematically." So it is with some discomfort that Hupac observes the transport policy debate in Europe, prompted by the Netherlands, about the general introduction of so-called "mega HGV" combinations, which are up to 25.25 m long and – in the case of the Netherlands – can even carry up to 60 t. Howald warns: "What has made the container so successful? A major reason must be the

standardisation in transport processes. Any deviation from standards such as those we have achieved in European combined transport as a result of a standardisation process lasting for decades, represents a potential cause of disruption and consequently an expense factor." Hafner adds: "We must not forget that investments in the railway sector, which includes combined transport, are very high and that the investments are made for the long term. In other words, the companies need reliability in their planning and security in their investments. So on the subject of 25.25 m HGVs we say: look out! The people in charge of transport policy must think very carefully about the consequences."

350 million Swiss francs planned by 2010

Subject: money. Hupac intends to invest another CHF 350 million by 2010: in terminals, in rolling stock and in IT, to name just a few key points. Hafner is convinced that the company will also succeed in mastering this show of strength. "We are opting for our tried-and-tested three-pillar system. That means we are financing the investments by cash flow and by means of credit and/or capital increases." The company has the figures to prove how successful this method is. For years the shareholders have been rewarded with what Hafner describes as a "return commensurate with the risk involved."

Peter Hafner

Director of Finance & Administration
for the Hupac Group



"We all identify ourselves closely with the company"

On his desk, dossiers are piled up, the computer and calculator are within easy reach. Peter Hafner is where all the Hupac Group's financial threads come together. Born in 1956 in Zürich, he studied Business Management at the University of St. Gallen and completed his studies with a degree in Economics. After some work experience in a bank, he sought his professional future in other industries. "My dream job was to be the manager of a spa", recalls the calm and reflective Finance Manager. After a period at the Office for Economic Research in Bellinzona, he applied for the job of Resort Manager in Wildhaus – and aged only 28, he got the job. Hafner says: "A stimulating experience, but not a job for life." He then switched to Agie in Losone, where he held various management posts in the area of Finance and Administration. Since 1990 he has been Manager of the Finance & Administration function at Hupac Ltd.

"The quality of life in Tessin is simply higher than north of the Gotthard", explains Peter Hafner. He and his wife live in the village of Verscio in Centovalli, not far from the Teatro Dimitri. Their son and daughter are grown up and have flown the nest. He commutes daily by public transport to Chiasso. On the way there he reads the newspaper, and on the way home he often works on things left over from the day.

"I am glad that at Hupac we can aim for environmental targets as well as business ones", says Peter Hafner. Despite computer programs, the accounts for transport services in multiple countries are very demanding. One example is the very complex and different regulations to do with Value Added Tax, which vary from country to country. These present a daily challenge to the Hupac finance team and its Manager, who since 2003 also carries the responsibility of being an Vice Director of the company. Hafner coordinates the finances of the entire Hupac Group and handles investment policies. NEAT will give Hupac a great leap forward, he is convinced, therefore the business will need additional rolling stock, and the financing for this must be on a sound basis.

"We are opening up new markets, but must make sure we do not squander money, because that would cost us dear", explains the Finance Manager. "As a major European supplier, we must react selectively and rapidly." That sounds rather sporty. In fact, Peter Hafner used to play football in his spare time, and got as far as the National League, including FC St. Gallen and also AC Bellinzona where he played "as a defender, who occasionally scored a goal." These days he relaxes at the weekend by fishing in the wild Maggia or other Tessin rivers. But you can well believe Peter Hafner when he says that on Sunday evenings he looks forward to work. "For me, Hupac is the perfect example of a team with lots of team spirit. We all identify ourselves strongly with the company. The company's culture is key to motivating staff, because at the end of the day it is always the employees who decide whether the things work."

The expansion of the IT infrastructure is a matter particularly close to Bernhard Kunz's heart. Within the UIRR, Hupac has involved itself actively in all the major IT-oriented developments. At the same time, the company has been "brooding" over many ideas of its own. Just last year the "e-train" project was launched. It allows train locations to be tracked in real time. Kunz says: "Track & Trace is a vital requirement in our age. The customers want to know where their goods are and when they will arrive. They want to be informed when processes break down. An effective consignment tracking system is a substantial contribution to quality assurance, customer satisfaction and also the optimised use of resources." The IT facilities are set for expansion in the coming years, confirms Kunz.

And what are the plans for staff development? The management trio has clear ideas here. Kunz says: "We are service providers, and they need people. Well-trained, highly motivated and loyal employees who are prepared to perform. If you demand that as an employer, you also have to offer something in return. Money is the first thing; an interesting, secure job with plenty of prospects

is the next. In staff development we also focus on the continuity factor. If we want to continue to grow – at 10 to 12 per cent every year in any case – then we simply cannot do without more staff." The current staff of around 400 employees of the Group is likely to gain substantial reinforcements in the next five years. "But", says Hafner, "we will be very careful to ensure that the productivity of the human factor continues to rise, whether this involves improved processes, new technology or auxiliary IT systems." Qualitative aspects should not be neglected either. Kunz says: "The internationalisation of our company will also be reflected in the staff. Because we want to become more and more of a European CT operator – and we will do so. Whether we become 'the' European CT operator one day is for the market to decide. If we fail, it should not be our fault in any case."

 **Eckhard-Herbert Arndt**

Peter Howald

Director of Intermodal Services
for the Hupac Group



"It fascinates me how I can get things moving at Hupac"

He has just got back from a business trip to Barcelona and Paris, where he has been holding discussions with customers and railway managers. Now in his office in Chiasso he is already on the telephone to Bucharest. Peter Howald is used to travelling and working in an international network, because the Hupac Group is expanding its transport services energetically and with a consistent strategy. Peter Howald, born in Berne in 1953, started his career as a salesman in the freight traffic department of the SBB. This set the seal on his subsequent career. After a period at Interfrigo in Basle, a railway subsidiary dealing with chilled products, he returned to SBB. In the 1980s he was in Milan, as vice branch manager of the SBB's agency for freight traffic. He recognized early on the future potential of intermodal traffic for the transport of goods. So it was not by chance that Peter Howald switched over to Hupac in 1988 to be its marketing manager.

"Theo Allemann inspired us all", he recalls. "What particularly impressed me was the way he was able to win over municipalities, landowners and the Lombardy Region for building the Hupac terminal at Busto Arsizio-Gallarate." In the 1990s, Peter Howald was a key figure in the idea and the introduction of the shuttle system in unaccompanied intermodal traffic. At the start of the new millennium, it was the implementation of the concept of integrated traction. For the Director of Intermodal Services of a company whose area of operations covers almost the whole of Europe, work never stops. New logistics ideas need to be worked out with customers, additional connections need to be set up, traction services need to be optimised with railway partners, and customer service always needs to be improved.

Peter Howald is the manager responsible for customer relationship. Thanks to the private ownership structure in Hupac, this is a task he can fulfil independently and flexibly. Railways with their own CT companies tend to put the needs of the business first, and customers' needs in second place. "Hupac is a creation of liberality, and as one of the few private companies in intermodal traffic in Europe, we are in a position to take full advantage of the opportunities available from the opening up of the market", confirms Peter Howald. "The focus on unaccompanied intermodal traffic and the far-sighted strategy of the Board of Directors have made Hupac the size it is", he emphasises, "and particularly the trust by the transport companies that we have to earn each and every day."

Peter Howald, married with two grown-up children, seems full of energy, and says even after nearly twenty years in the Hupac Group: "I live for my work, I stand by it, and it always fascinates me how I can get things moving at Hupac."

Facts & Figures 2007

The company

Hupac is an independent operator in the field of combined traffic, the leading intermodal carrier through the Swiss Alps.

Capitalisation

The company's issued share capital amounts to CHF 20 million divided between 99 shareholders. Transport companies and forwarding agents hold 72% of the share capital, the remaining 28% is held by railway companies. This combination guarantees independence and alignment with the market.

The structure of the Group

The Hupac Group comprises 10 companies based in Switzerland, Germany, Italy, Holland and Belgium. The head office is located at Chiasso, with subsidiary offices in Basle, Busto Arsizio, Oleggio, Singen, Mannheim, Cologne, Rotterdam, Taulov and Warsaw. Each company operates within defined parameters, so as to offer advanced solutions and maximize the efficiency of the whole Group's response.

Staff

The Hupac Group employs 396 personnel, of whom 130 are employed at Hupac Intermodal in Switzerland, Denmark and Poland, 237 at the Italian Hupac SpA and Fidia SpA branches and 29 at the remaining subsidiaries in Germany and Holland.

Service

Hupac runs a network of over 100 trains a day, linking the main European economic zones (continental traffic) and major ports with the internal regions of Europe (maritime traffic). The company objective is to provide fast, regular and dependable services for the transport of goods by rail, thereby making an important contribution to modal shift as well as to the quality of the environment.

Shuttle Net (UCT)

Hupac guarantees the benefits of unaccompanied combined transport through the Shuttle Net, one of Europe's leading services in terms of frequency and range of connections, with 97 shuttle trains running every day. In 2006 the Shuttle Net system transported 591,000 road consignments, amounting to a total net tonnage of 10.4 million.

Rolling Highway

The Rolling Highway is a complementary option for transalpine traffic, with 6 trains per day and 21,000 road consignments carried in 2006, amounting to a total net tonnage of 0.4 million. The lorries are loaded on to special rail wagons and the drivers accompany them in appropriate sleeping cars.

Rolling stock

Hupac has always used its own rolling stock, which today amounts to 4,425 rail wagons and 13 locomotives for line operation or shunting.

The terminals

Hupac owns and/or manages the terminals in Busto Arsizio-Gallarate, Oleggio, Desio, Milano Greco Pirelli, Novara RAlpin, Aarau, Basle, Chiasso, Singen, Ede. The enlarged terminal at Busto Arsizio-Gallarate, opened in 2005, is one of the biggest and most modern transshipment sites in Europe.

Integrated traction

Hupac collaborates with the railway companies on the underlying principle of "integrated traction", which allocates responsibility to a single rail operator for the whole journey. This productive new system launched in 2004 improves the quality and productivity of the traffic. Hupac's selected railway partners for transalpine traffic are SBB Cargo, Intermodal DB Logistics, Trenitalia Cargo, Ferrovie Nord Cargo and Rail4Chem.

IT support

Hupac ensures the efficient exchange of data with clients, terminals, service providers and other operators through advanced information technology tools such as Goal (integrated software for intermodal transport in Europe), Cesar (information system for clients connected to over 130 terminals) and e-train (satellite monitoring system for trains).

Quality and the Environment

Hupac consistently invests in its Quality Management System, certified according to ISO 9001:2000, and its Environmental Management System, certified according to ISO 14001:2004.

Fit for the future.



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