ANNUAL REPORT 2020

HUPAC

2020
in figures

-0.9%

Shifted to rail
1,015,000 road consignments
1,913,000 TEU

+6.1%

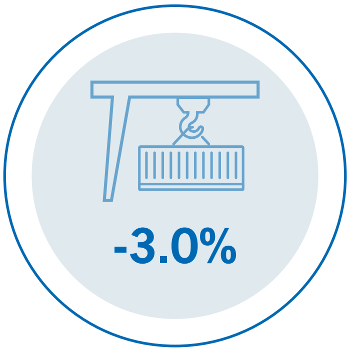
Wagons for the transport of the loading units
7,700 rail platforms

+8.7%

Road trucking as a service for maritime transport
161,000 loading units

Greenhouse gas savings in the network of Hupac Intermodal
1.2 million tons CO_2

Train density in the Hupac Group network
147 trains per day



Transhipment in the terminals of the Hupac Group
776,000 loading units

Employees in the 23 Hupac Group companies
560 collaborators

Annual turnover
CHF 596.8 million
EUR 557.7 million

Annual result
CHF -2.5 million
EUR -2.4 million

EDITORIAL

> “ Reducing greenhouse gas emissions by **90% in European transport by 2050** – a very ambitious target of the Green Deal

Two events have shaped 2020. The COVID-19 pandemic highlighted the central role of combined transport for the integrity of supply chains in Europe. Within a very short time, Hupac adapted to the crisis situation. Our transport system functioned when everything else stopped working, especially in the dramatic first weeks in Italy and during the selective border closures in road transport. Our thanks go to all those who actively lent a hand – the employees and customers, the railways, terminals and workshops.

A much more sustainable impact will come from the EU Green Deal announced at the end of 2019. It was concretised for the transport sector in December 2020. The goal is to reduce greenhouse gas emissions in the transport sector by 90 percent by 2050, which is very ambitious in a sector that today accounts for 25 percent of total emissions.

According to the EU Commission, a contribution to this goal should be made by doubling rail freight transport by 2050. Hupac can and wants more! From 2009 to 2018, intermodal transport volumes in Europe grew by 50 percent. This momentum makes us confident. With combined transport, we can contribute very substantially to achieving the climate targets. There are many arguments in favour of this:

- Today, Swiss rail transit already has zero greenhouse gas emissions. Only climate-neutral electricity is used.
- In Germany, too, the railways can run with net zero. Our subsidiary ERS Railways is showing the way: since January 2021, the ERS partner boxXpress has been running on 100 percent emission-free electricity.
- New technologies such as green hydrogen from the renewable energy sources wind, water or sun are on the verge of a breakthrough. They will enable the pre- and post-road transport and thus the entire intermodal transport chain to be emission-free.
- And finally, demand favours the sustainable modal shift. Consumer-related industries are demanding climate-neutral transport. They are increasingly setting clear CO_2 targets for logistics partners.

I am convinced that combined transport will start with emission-free transport chains even before 2030. The short distances to/from the terminals on the road will be handled by trucks with hydrogen or battery-electric drive. Electric gantry cranes and emission-free shunting locomotives will be used at the terminals. More and more green traction power is being offered. A vision? No, a realistic perspective that Hupac is actively helping to shape.

The chances for a greater shift to even more environmentally friendly combined transport are better than ever. This is coupled with high expectations for the expansion of rail infrastructure capacities. Doubling high-speed passenger transport by 2030 – another goal of the Green Deal! – as well as rail freight transport by 2050 will require very large investments, especially in railway infrastructure, but also in terminals. This is where politics is called upon.

A smart railway system of the future does not need a doubling of the infrastructure. What is needed is the elimination of bottlenecks, and redundancies. The requirements of rail freight – long and heavy trains, guaranteed train paths of good quality – must be taken into account and implemented quickly. This includes a series of priority measures on the Rhine-Alpine corridor, including Belgium-Italy. And well before 2030, because the modal shift wave is already rolling today:

- The Rhine valley south of Mannheim is becoming a bottleneck on the corridor. An increase in capacity is overdue. Hupac supports the concept of a continuous double track and electrification of the Wörth-Lauterbourg-Strasbourg line, this as a left Rhine bypass to the Mannheim-Basel line via Rastatt. The four-track expansion on the right bank of the Rhine will not take place until after 2040 – that is too late for the modal shift.
- On the Bellinzona-Luino-Gallarate and Domodossola-Novara/Gallarate lines, the electricity supply must be reinforced for standard train weights of up to 2000 tonnes. Further bottlenecks need to be overcome.
- In the Netherlands-Duisburg connection, an upgrade of the infrastructure for train lengths from today's 650 to 740 metres is necessary for the main line (Betuwe) and its German connecting line as well as for the alternative route via Venlo.
- Upgrade of the axis Zeebrugge/Antwerp-Metz-Strasbourg-Basel to the standard parameters of the Rhine-Alpine corridor.

For an intelligent and sustainable future of mobility, a fundamental transformation is needed, says the EU Commission. Let's make sure that the course is set today and that the unique opportunities of the Green Deal are used. Now we need quick decisions on the expansion of rail infrastructure!

We have mastered 2020 together and are now looking ahead to the time after the pandemic. With confidence and joy, we are tackling the future challenges together. With you as a customer, shareholder, partner and employee. Together we will continue to develop combined transport: more efficient, smarter, emission-free. I thank you for that.

Hans-Jörg Bertschi
Chairman of the Board of Directors

EDITORIAL

“The tasks for the current year are clear and quickly outlined: **1. Stop the bleeding,** and **2. Be prepared.**

Basically, no sensational stories are told in an annual report. However, the year 2020 tempts us to do so, as we as Hupac have experienced something unprecedented in the company's history. A pandemic. While the beginning was still full of questions and also full of quick solutions – how to reorganise work, for example, the European industry and the associated logistics partners had more than the question of collapsing volumes to answer creatively. In March 2020, it was quickly clear that roads were grinding to a halt at European borders and that intermodal supply chains were becoming an anchor of supply stability in the short term. We answered volume declines on a weekly basis of -40% with network stability. Performance from the markets that did not revive was reduced rather gently; some submarkets were not affected at all or only slightly by COVID-19. The fact that terminal processes across Europe were converted to "contactfree" was part of the same truth as a new management of the workforce at 80% home office level.

The year 2020 was Hupac's toughest year financially, as we closed with a negative result of CHF -2.5 million net profit for the first time in history. However, 2020 will certainly go down as the year with the greatest learning. Work can be rethought, our network is a pillar of European supply, it is important to stay on course in the storm, a good team is also experienced in surviving the storm, wounds are part of the business and it is important to know these wounds.

Hupac's network is the largest and, in my opinion, the best organised intermodal network in Europe. The existing services in the transalpine business represent the backbone of Hupac. We are glad that we were able to confirm this with our performance. Under COVID-19's influence, it was also necessary to expand the network in the direction of south Italy. The expansion of the network into developing markets is a logical consequence for our team. The example of south-east Europe is proof of this: with the stronger bundling of traffic flows to a south-east hub in Vienna, we have strengthened the network and created another network node. In the future, the focus will be just as much on further developing the adjoining markets in the Balkans as far as Turkey, as it will be on the opportunities opening up in the west towards Spain. The axis towards Poland must be given a further boost with the expansion of the Silk Road. Our commitment as a partner of the Langhzou location is a building block here, which should also serve the careful development of this sub-market.

In figures, the network which we summarise under the name Shuttle Net moved the main load with around 746,000 road consignments; this is only 0.5% less transported units compared to the previous year. The young business unit Company Shuttle, which offers dedicated tailor-made products, was able to expand its footprint with around 102,000 shipments. This is a growth of 7.4% compared to the previous year. Our youngest unit, the maritime business, closed with -0.7% year-on-year and achieved a volume in road consignments of around 256,000 units. In total, we reached the 1 million mark once again with 1,015,000 road consignments and are proud to have been a backbone to the market again.

The tasks for the current year are clear and quickly outlined: 1. stop the bleeding, and 2. be prepared. Together with the management team, we have imposed a strict austerity course on ourselves and are following it well into this year. It remains to be seen how the further COVID-19 waves will affect the continent's logistical network and to what extent we will then have to respond with the right sensitivity. But this is only one side of the work and represents the day-to-day business. Planning for 2022 is taking place now, train paths with new parameters have to be ordered as early as March. In 2020, Hupac has made the preparations to be able to handle the years of declining compensation now ahead of us in a stable manner. The 100% opening of the AlpTransit flat line results in a mega opportunity for the market, but without preparation it is worth nothing. If we produce in the "railway" sector as we have for the last 50 years, it will not work. Switzerland is now prepared for heavier (more than 1600 t), longer (up to 740 m) and higher (P400) trains. We must bear this in mind with all our railway partners: only together we are strong. The shift of 300,000 transalpine trucks to the railway system, which is still to be realised, is incentive enough for us to offer safe and sustainable products in the trailer transport segment. All this can only be achieved with strong partners. Performance will be a key to putting our preparation into practice. No big words or marketing campaigns are important here, but simply: action.

2020 is behind us and it was challenging and at times also disillusioning. But Hupac would be nothing without its customers, its shareholders, its service partners and without each and every one of our employees. 1000 grazie to all of them.

Michail Stahlhut
CEO

The Corona year 2020 in review

21 February

In Codogno near Piacenza, the first case of coronavirus not caused by infection in China is reported. The pandemic has arrived in Europe.

24 February

Hupac convenes the first crisis meeting and defines the crisis management guidelines:

- “No risk” employee management
- “Contactless” terminal operation
- “Ready for the Challenge” contingency management.

Customers and partners are notified on the same day.

2 March

The Hupac branches across Europe are preparing to implement the defined protective measures.

9 March

Italy declares a nationwide lockdown. Hupac increases the frequency of its trains to meet the strong demand for safe transport in Italy. “We keep intermodal running” is the message to European logistics.

10 March

Hupac launches an Open Letter from the rail industry to highlight the strategic importance of contactless combined transport. Free circulation for rail freight, open terminals and European coordination are prerequisites for the safe transport of essential goods.

April

Lockdowns and disruptions in supply chains lead to a massive drop in traffic volumes. Hupac takes short-time work in several countries.

May

The first wave of the pandemic subsides, and part of the staff returns to the office in rotation. Operationally, the processes have settled in. “Welcome to the new normal” is now the motto.

June

The handover from Beni Kunz to Michail Stahlhut as the new CEO of the Hupac Group is celebrated in the head office under rigorous safety measures.

“We keep inter

25 February

The staff in Chiasso and Busto are divided into parallel groups that work with the recommended distance and without contact with each other. One third of the staff goes to the home office.

28 February

The Busto Arsizio-Gallarate terminal has been converted to contactless operation with digitalised check-in, regulated access to maintain distance rules, separating glass at the counters, distribution of protective masks and disinfectants. Contingency plans for the availability of rail traction and transhipment capacity are in the drawers to ensure business continuity.

16 March

With the exception of a few service functions, the head office staff work entirely from their home offices. All staff are equipped with internet telephony, video conferencing and decentralised document access.

End of March

The contactless terminal operation is fully implemented in the Busto Arsizio-Gallarate, Piacenza and Pordenone terminals; customers are sensitised. Hupac is engaged in working groups across Europe to share the contactless terminal management experience gained in Italy.

October

Hupac prepares for the second wave. Around 75% of the staff work in home office.

November

Capacity utilisation in Hupac's network improves noticeably; demand stabilises. Hupac returns to full working hours.

December

In the Corona year 2020, Hupac has effectively protected its employees, fully maintained the network at all times and demonstrated the systemic relevance of combined transport. In this sense, a positive balance – despite the unavoidable financial loss.

modal running”

STRATEGY

Lived reality

Hupac aims to be a market leader in intermodal transport in Europe – in terms of quality and quantity. To achieve this, we want to strengthen our position in the core market of transalpine transport and expand geographically towards the east as far as China, as well as towards south-west and south-east Europe.

To implement its growth strategy, Hupac is launching a long-term investment programme. The focus is on rolling stock, terminals, IT and supporting measures to strengthen railway traction. Step by step, we are thus creating the conditions for the company's success.

Hupac's future is shaped by its employees – people who consistently focus on the needs of the customers and are committed to ensuring that the company can continue to grow and invest profitably.


HUPAC
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Environment and climate

Committed to the climate

Combined transport is the preferred system for environmentally friendly freight transport. Hupac sees its task in providing the logistics industry with a reliable, competitive network for intermodal transport. The central challenge is efficient management, because environmentally sound transport must be neither more expensive nor of lower quality than comparable offers.

Together with its partners – railways, terminal operators, rolling stock manufacturers and maintenance companies – Hupac has been committed to the further development of combined transport for over fifty years.

Positive footprint

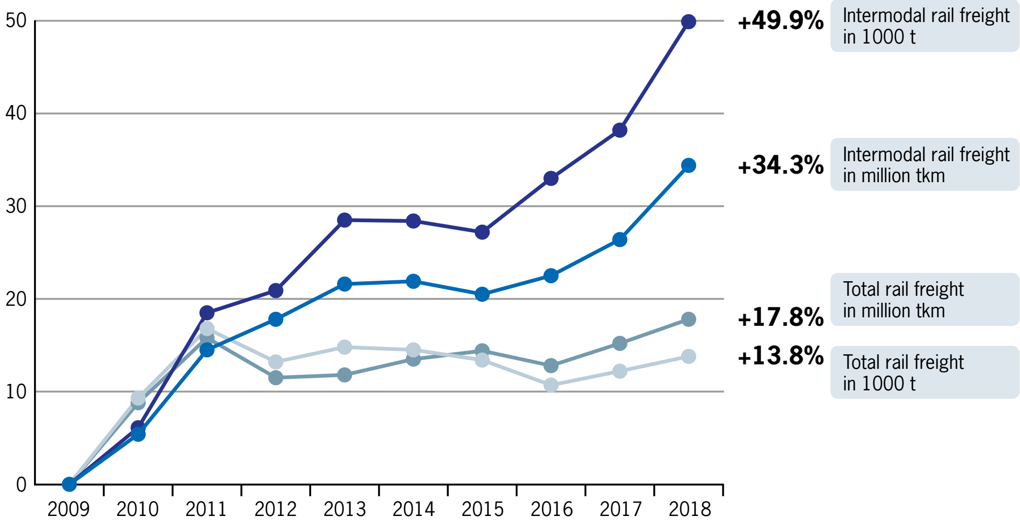
Last year, Hupac Intermodal's transport network saved 1.2 million tonnes of CO_2 compared to pure road transport. This means that Hupac reduces the environmental impact of freight transport by almost 90% in terms of CO_2 emissions. The calculations are based on the Ecotransit system.

Energy efficiency is also an important argument for the environmental balance of combined transport. Last year, the savings in the Hupac Intermodal network amounted to around 13.1 billion megajoules compared to pure road transport. This corresponds to a reduction effect of almost 75%.

In the reporting year, the subsidiary ERS Railways announced a break-through environmental achievement. At the end of the year, the traction partner boxXpress switched to certified green electricity from 100% hydropower. The entire transport network of ERS Railways with seaport-hinterland services from Hamburg, Bremerhaven and Rotterdam has thus been emission-free and climate-neutral since the beginning of 2021.

Development of combined transport

in % compared to base year 2009



Source: Report on Combined Transport in Europe, 2020, UIC/UIRR

Active support for the Swiss modal shift policy

In 2020, Hupac achieved a transport volume of 538,148 road consignments or 10.5 million net tons in the transalpine transport segment through Switzerland. This makes the company an important player in Swiss transport policy, whose constitutionally anchored goal is to shift transalpine freight traffic from road to rail.

Regardless the current, corona-related uncertainties, Hupac's corporate strategy is geared towards growth in Alpine transit through Switzerland. The commissioning of the 4-metre corridor at the end of 2020 unlocks the enormous shift potential of large-volume semi-trailers. The provision of competitive products for this segment is the focus of the supply policy.

Green Deal sets ambitious goals

The EU Commission's Green Deal, presented in 2019, focuses on the issues of mobility transition and energy policy. The goals are ambitious: Europe is to be climate-neutral by 2050. The transport sector, which is currently responsible for 25% of greenhouse gas emissions, must make a significant contribution to achieving this goal.

Combined transport, with its intelligent linking of different modes of transport, is predestined to play a central role in zero-emission freight transport in the future. Hupac is aligning its growth strategy accordingly and is making an active contribution to the development of the required transport policy framework.

Attention to the environment

The consideration of environmental aspects is a daily reality at Hupac. Improved use of train capacity – and consequently a reduction in environmental impact – is an expectation of the SPEAK project, which made further progress in 2020. The ETA/ETP (Estimated Time of Arrival/ of Pick-up) project avoids empty truck journeys and optimises resources. A first phase of implementation was completed in January 2020.

The consistent investments in low-noise rolling stock reduce the noise impact of rail freight transport. Hupac's wagon fleet has been completely low-noise since the end of 2016.

The Corona year 2020 has accelerated a number of eco-friendly practices. These include paperless processes as well as home office and videoconferencing to reduce the environmental impact of passenger transport.

Environmental performance 2020

	Pure road traffic		Traffic of Hupac Intermodal
CO_2 emissions Gross tonnes in 1000	1,292	- 89%	141
Energy consumption in billion megajoules	17.8	- 74%	4.7

Strategic **focus areas**

Own rolling stock creates independence

At the end of 2020, the Hupac Group had a wagon fleet of 7,740 platforms. This represents an increase of 6.1% compared to the previous year. The share of rented wagons in the total rolling stock fleet was 14.5%.

In the year under review, 33 wagons of type T3000 were delivered to Hupac Ltd; a further 17 wagons followed in the first quarter of 2021. The delivery of 100 six-axle 90-foot container wagons was postponed to 2021.

The railway undertaking Hupac SpA owns a total of 10 shunting and/or mainline locomotives. With these resources, Hupac SpA ensures shunting operations at the Busto Arsizio-Gallarate, Pordenone and Piacenza terminals. The company also operates the Busto ⇆ Bologna shuttle train and transports empty wagons between Busto Arsizio and the workshops in north Italy.

Hupac Ltd owns 8 locomotives type Vectron and 3 locomotives type Taurus.

Rail traction with partners

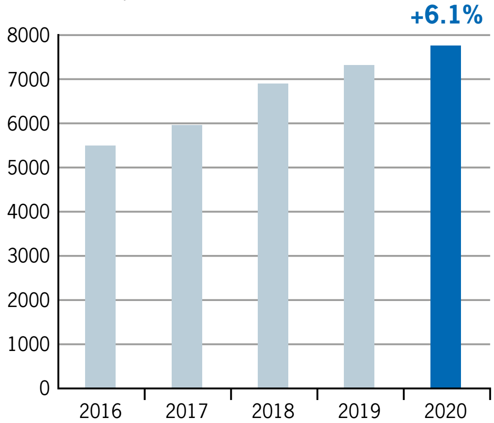
More than 95% of Hupac Intermodal's traffic is produced according to the principle of international end-to-end traction responsibility. Exceptions are markets that only partially allow this business model.

In the year under review, Hupac Intermodal's main carriers included SBB Cargo International, DB Cargo, Mercitalia Rail, BLS Cargo, Crossrail, Captrain, WLB Wiener Lokalbahnen, SNCF Fret, NOI Nuovo Operatore Intermodale, LTE, Railtraxx, Rail Cargo Hungaria, Metrans, Foxrail and GTS.

ERS Railways cooperates with the railway undertakings boxXpress, LTE and Freightliner.

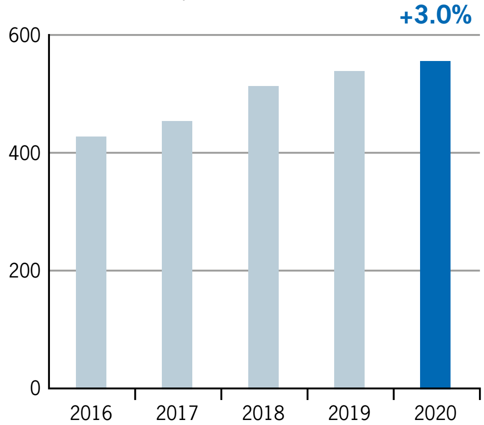
Rolling stock

Number of rail platforms



Employees

Persons in full time equivalent



Strong footprint in the terminal area

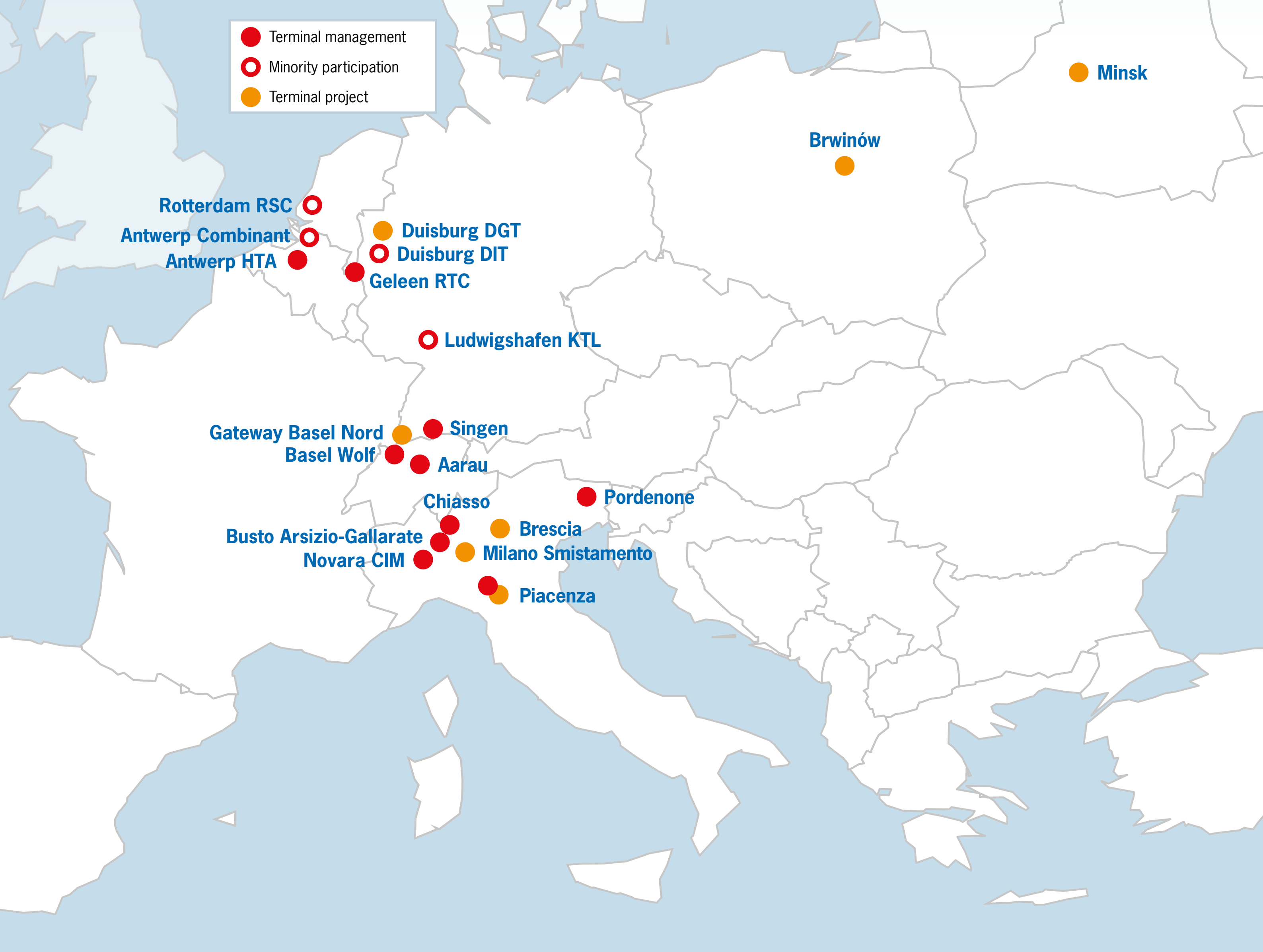
In the terminal sector, too, Hupac had to slow down its investment activity due to the corona situation. At the Brwinów terminal near Warsaw, the start of construction was postponed by about a year to March 2021. The commissioning of the facility in the first expansion stage is planned for autumn 2022.

An extension of the construction period was also agreed for the Piacenza terminal project in cooperation with Mercitalia Logistics. While the preparatory work was completed in March 2020, the actual construction activity cannot begin until mid-2021. The start of construction for the Milano Smistamento-Segrate project is also scheduled for mid-2021. The Brescia terminal project is still in the preparatory phase.

The expansion of the Busto Arsizio-Gallarate terminal is of strategic importance. In June 2020, Hupac's engineering team put a digital interlocking system into operation. The computerised system manages all trains entering and leaving the terminal in the direction of Gallarate station. The new technology enables the upgrade of the existing transfer tracks and an extension of the crane tracks to 740 meters. The corresponding construction work was completed in December 2020 to coincide with the opening of the Ceneri Base Tunnel and the 4-metre corridor through Switzerland.

We are also seeing interesting developments at the Novara terminal. Hupac acquired the majority of the terminal company CIM Centro Interportuale Merci SpA in 2019. Now the terminal is to be equipped with high-performance gantry cranes and 740-metre-long track modules. The planning work started in June of the reporting year.

Terminals of the Hupac Group



Significant progress in the digital transformation

With the digital transformation of its business processes, Hupac is strengthening the competitiveness of combined transport. In January, the “Train Radar” was made available to customers via the WOLF platform. The tool contains real-time train running information based on data from the railway partners, the terminals and the GPS units installed on Hupac’s trains. For the Busto Arsizio-Gallarate terminal, the ETP Estimated Time of Pick-up is available. Around 40% of customers use the Train Radar daily.

In January last year, the Pordenone terminal was equipped with the innovative WOLF TOS terminal operation software. The basis for the module, which manages terminal processes, container depot and maritime traffic, is the EDIGES data exchange system for the seamless integration of all process parties. In the current year, the Piacenza terminal will be converted to WOLF TOS.

Significant developments have also been made for the EDIGES data exchange system. The standard for data exchange in combined transport developed by Hupac in 2005 has now become an industry standard throughout Europe. The EDIGES consortium, founded in 2019 by Hupac, Kombiverkehr and Mercitalia Intermodal, has the task of further developing the system and supporting its dissemination among transport companies, combined transport operators, railways and terminals. In the reporting year, a new version EDIGES 4.0 was launched. It covers additional business processes such as pre- and on-carriage, timetables, terminal slots, ETA and ETP. Around 50 terminals in Europe have switched to EDIGES. At Hupac Intermodal, 55% of bookings are processed via EDIGES; in the year under review about 8 million EDIGES data were exchanged.

EDIGES is also the data exchange protocol in the KV4.0 project. Within this project, which is funded by the German Federal Ministry of Transport and Infrastructure, a number of project partners along the entire process chain are developing a hub for data exchange in combined transport. In 2020, the demonstrator was successfully developed. In the current year, an operating company will be founded in which Hupac will actively participate to support the further development and dissemination of the system as an open platform.

Further progress was also made in the digitalisation of booking processes. At the end of 2020, the Loading Preview module was put into test operation. With a lead time of 4 to 6 hours, customers receive a notification on which train and with which departure time their loading unit is scheduled – another step towards improved supply chain visibility.

Due to COVID-19, Hupac accelerated the implementation of video conferencing and remote office systems to allow employees to work from home. The workplace could thus be virtually replicated and the full operation of services maintained.

Highlights 2020

January

Hupac launches the "Train Radar" for real-time consignment tracking and indication of estimated time of pick-up at the Busto Arsizio-Gallarate terminal

January

WOLF TOS software is introduced at the Pordenone terminal for the coordinated handling of all terminal-related processes

February

Acquisition of the majority of shares in Rail Terminal Chemelot BV, Geleen (NL)

March

Completion of preparatory work at the Piacenza terminal

June

Commissioning of a digital interlocking at the Busto Arsizio-Gallarate terminal for the management of train movements

November

ERS Railways announces that the network from Hamburg, Bremerhaven and Rotterdam will run on 100% green electricity

November

Hupac supports the construction of a terminal in Minsk and participates in Eurasian Rail Gateway CJSC

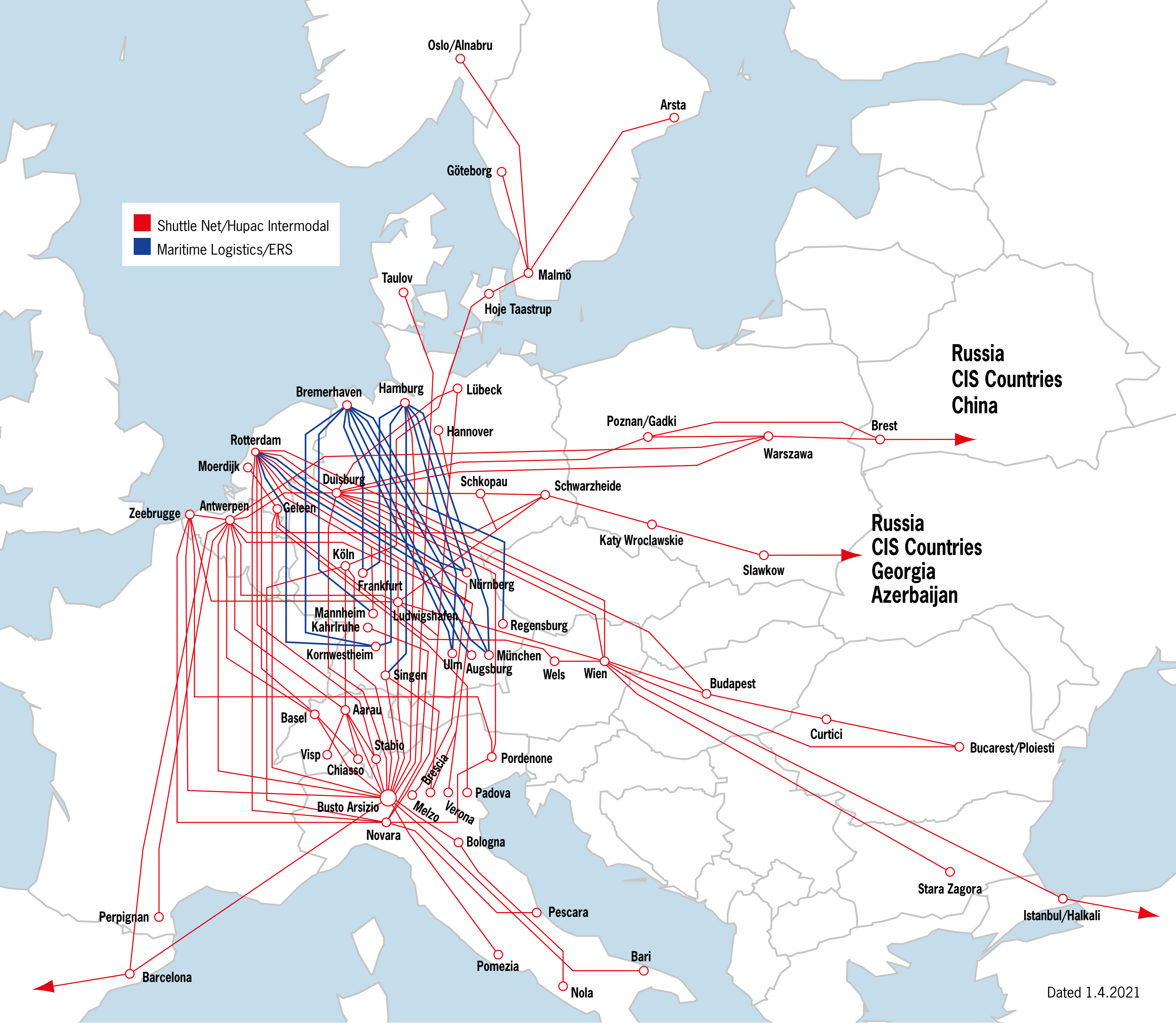
December

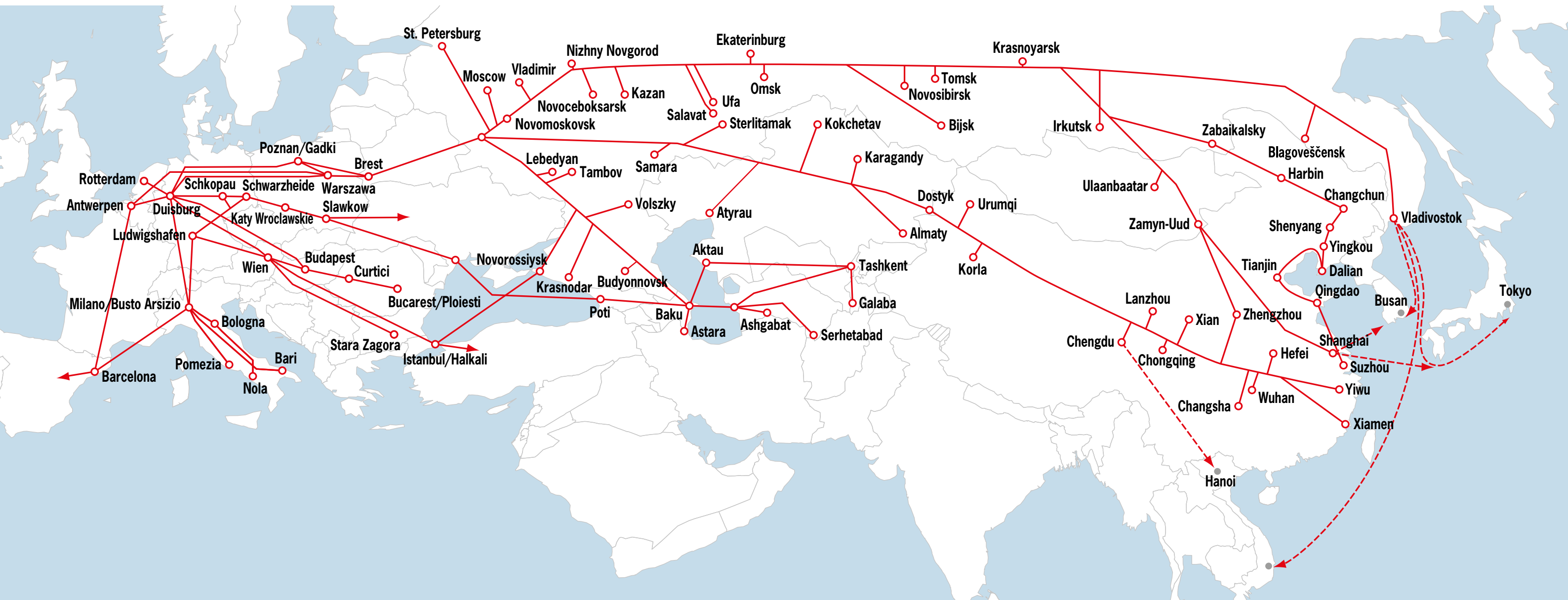
Strengthening of the production team in Chiasso with the establishment of dedicated teams for 24/7/365 operations

December

Completion of construction works at the Busto Arsizio-Gallarate terminal for the circulation of 740-metre trains

Traffic development





1 million road consignments shifted

Last year, the Hupac Group transported 1,014,686 road consignments or 1,913,000 TEU by rail. This corresponds to a slight decrease of 0.9% compared to the previous year. The main influencing factors were the slump in maritime traffic from overseas and the economic blockade in Europe as a direct result of the COVID-19 pandemic in the first half of the year. In the second half of the year, traffic demand recovered so that the previous year's level was reached by the end of the year.

The consequences of the Corona crisis were particularly felt in transalpine transport through Switzerland. In the period April-June, demand dropped significantly; nevertheless, Hupac maintained its network and thus made an important contribution to securing the logistics of vital goods. In the second half of the year, volumes returned to the previous year's level. However, with a total volume of 538,104 road consignments (-2.3%), the gap of the crisis months could not be fully compensated.

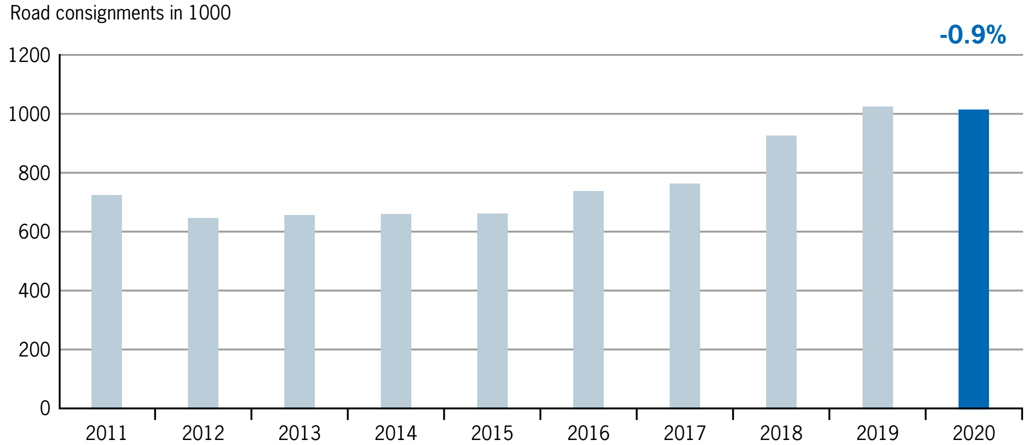
In transalpine traffic via Austria, the volume remained stable with a small increase of 0.4%. Transalpine traffic via France, on the other hand, recorded an interesting development of +33% thanks to the inclusion of new traffic. The total volume of the two segments was 42,549 road consignments (+3.7%).

Non-transalpine traffic also closed 2020 with a small growth of 0.5% to 434,033 road consignments. While traffic to east and south-east Europe developed positively, other segments such as maritime hinterland traffic from the North Sea ports were more strongly influenced by the COVID-19 effect.

In principle, the Hupac Group's network is open to both continental and maritime traffic. There are restrictions in terms of wagons type on connections that are operated exclusively for containerised transport from the seaports. This is the case with ERS Railways' services from Hamburg, Bremerhaven and Rotterdam. A network for maritime transports from the Ligurian ports in Italy is under construction.

Traffic volume

Road consignments in 1000



Road consignment: number of loading units that would equate to one HGV in road haulage, i.e. one semi-trailer or two swap bodies 7.15 metres long or one heavy tank container or two light 20-foot containers.

Service offer

Shuttle Net Europe
The business unit Shuttle Net Europe operates a Europe-wide network with a focus on continental combined transport. The close interconnections and high departure frequency create added value for customers.

Maritime Logistics
In the maritime inland transport segment, ERS Railways operates a dense network from North Sea and western ports with additional services such as port shunting, local delivery and customs clearance.

Intermodal Russia
The business segment Intermodal Russia organises intermodal transports in Russia and the CIS countries. Own rolling stock for the Russian broad gauge ensures reliability and independence.

Landbridge China
The Landbridge China business segment establishes connections between China and Hupac's European network. The focus is on sustainable growth.

Company Shuttle
The Company Shuttle business unit serves major customers who charter entire trains and thus secure capacity at attractive prices.

Terminal Management
The Terminal Management business segment operates transhipment facilities at central European locations. The focus is on efficiency, customer service and safety.

Shuttle Net on course for expansion

Despite the pandemic and intensive construction activity on the north-south axis, the Shuttle Net business unit was able to develop further and implement various projects for new transports. The focus was on expanding the range of services for P400 trailers. In January, Pescara in south Italy was connected to the European network via Novara CIM; Bari followed in September. In March, Hupac opened up the market for P400 trailers in Spain and realised the first trial transports on the Perpignan ⇆ Köln axis with the option of continuing to Scandinavia. The UK traffic was strengthened by the Moerdijk ⇆ Geleen feeder train introduced in April.

On the east-west axis, volumes stabilised on the Antwerp ⇆ Schkopau/Schwarzheide and Duisburg ⇆ Poland connections introduced in the previous year. In May, a first train ran between Xian in west China and Warsaw.

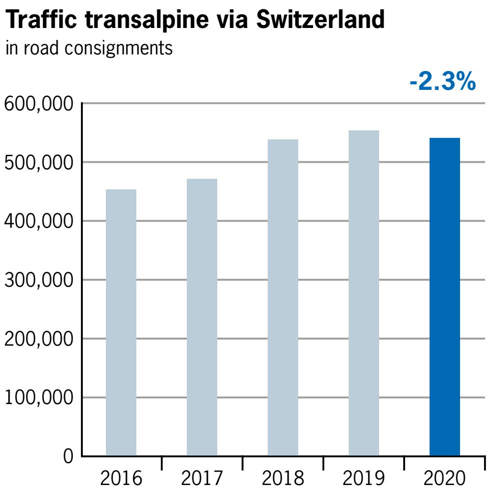
The south-east Europe segment was less affected by the Corona crisis. The traffic volume developed favourably, so that the network could be further strengthened. In September, the frequency of the Rotterdam ⇆ Vienna shuttle train was increased to three roundtrips per week and a few months later to four. Hupac thus enhanced the competitiveness of the network in south-east Europe with several destinations in Romania, Bulgaria, Serbia and Turkey.

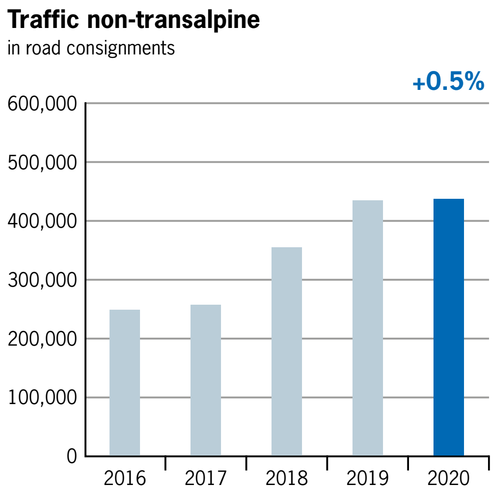
Overall, the Shuttle Net business unit achieved a traffic volume of 747,510 road consignments, only slightly below the previous year's volume (-0.4%).

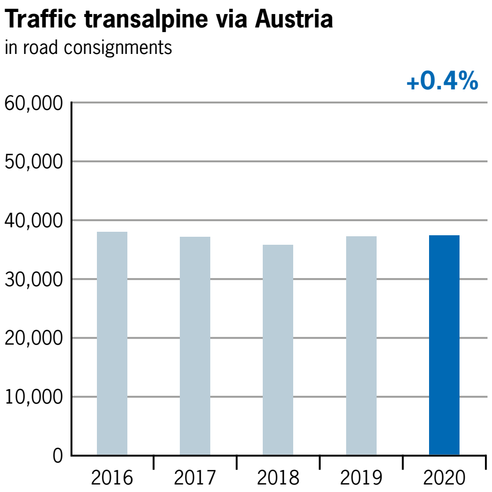
Company Shuttle: solution for customers with large volumes

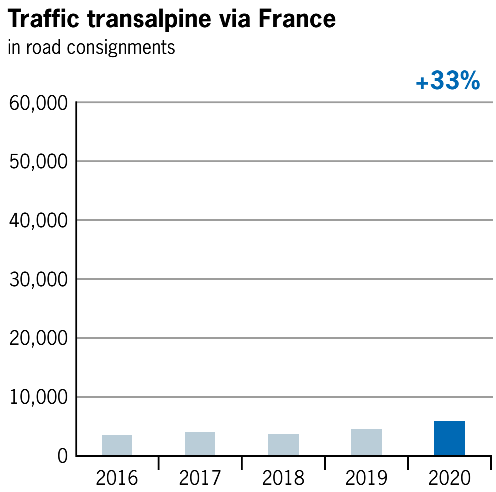
The Company Shuttle business unit continued to develop dynamically in 2020 and achieved a transport volume of 101,547 road consignments (+7.4%). The offer was adapted to the demand with additional shuttles. The trains operate on behalf of individual transport companies. The customers assume the utilisation risk and transfer the organisation and operation of the transports to Hupac as operator.

Traffic volume by route

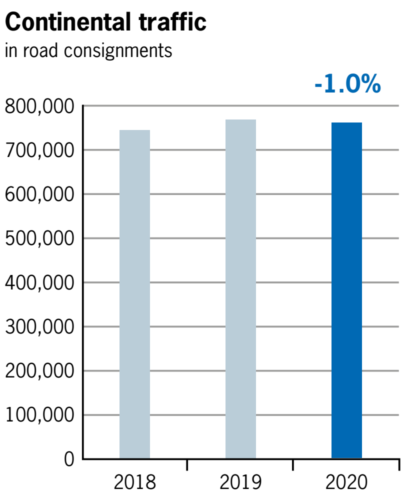


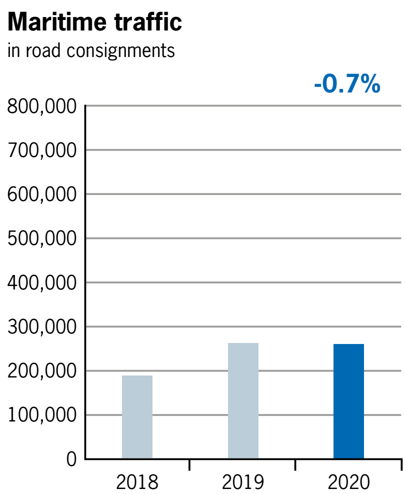






Traffic development by segment





ERS Railways introduces new connections

ERS Railways introduced new connections from Bremerhaven for the Maritime Logistics business unit in the year under review. In April, the Bremerhaven ⇆ Regensburg shuttle started with four departures per week and direction, followed by the Bremerhaven ⇆ Frankfurt/Main shuttle in May. Due to the strong fluctuations in Far East traffic at the beginning of the year, ERS Railways was unable to maintain the previous year's growth and closed the reporting year with a traffic volume of 317,051 TEU (-2.0%).

Terminals: efficient transhipment road/rail

The Hupac Group operates nine terminals in Switzerland, Italy, Germany, Belgium and the Netherlands. The operating companies are Hupac Intermodal Ltd for the Aarau, Basel and Chiasso terminals, Hupac SpA for the Busto Arsizio-Gallarate and Pordenone terminals, TPI Terminal Piacenza Intermodal SpA for the Piacenza terminal; Hupac Intermodal BVBA for the Antwerp terminal, the Rail Terminal Chemelot BV for the Geleen terminal and the Terminal Singen TSG GmbH joint venture company for the Singen terminal.

Around 260 Hupac Group employees work in the terminal area. Every day they transfer thousands of loading units onto rail wagons or trucks and manage the inbound and outbound movements of trains, rail wagons and road vehicles. The GOAL (Global Oriented Application for Logistics) software supports and manages every element of the terminal process.

The Hupac Group's terminal business also suffered from the pandemic in the reporting year. Overall transhipments fell by 3% as a direct result of the slump in traffic, particularly on the north-south axis with the target markets of Italy and Benelux. In the second half of the year, handling volumes increased again.

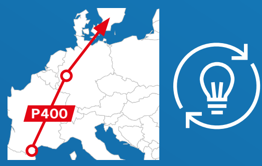
Hupac's terminals offer non-discriminatory access and are used by various operators. In the year under review, these were Hupac Intermodal, Mercitalia Intermodal, Kombiverkehr, TX Logistik, TTS, GTS and Codognotto.

Terminal	Surface	Cranes	Undercrane tracks	Train pairs per day	Destinations	Loading units 2020	% 2020/2019
Busto Arsizio-Gallarate	245,000 m²	12 gantry cranes 1 mobile crane	13 x 540-760 m	33	Germany, Switzerland, Italy, Spain, Netherlands, Belgium, Denmark	410,161	-2%
Piacenza	45,000 m²	5 mobile cranes	3 x 600 m 1 x 500 m	8	Italy, Germany, Belgium, Poland, Romania	94,390	-9%
Pordenone	100,000 m²	3 mobile cranes	4 x 750-800 m	8	Italy, Germany, Belgium	8,514	+232%
Chiasso	7,000 m²	1 mobile crane	1 x 300 m	2	Switzerland	9,091	+13%
Aarau	33,000 m²	3 mobile cranes	4 x 300 m 1 x 200 m	6	Germany, Italy, Belgium, Switzerland	45,582	-9%
Basel Wolf	17,000 m²	3 mobile cranes	1 x 380 m	3	Netherlands, Belgium, Switzerland	30,096	-12%
Singen	50,000 m²	2 gantry cranes 1 mobile crane	4 x 650 m	8	Germany, Italy	67,182	-14%
Antwerp HTA	53,000 m²	3 gantry cranes	5 x 620 m	10	Italy, Switzerland	74,413	-9%
Geleen	65,000 m²	1 gantry crane	2 x 660 m 1 x 700 m	6	Italy, Netherlands, UK, Austria, Hungary, Romania, Turkey	37,040	+56%
						776,469	**-3%**

Highlights 2020

January

Hupac adds the Novara ⇆ Pescara shuttle for P400 transports to its network. The initial five roundtrips are increased to six in July

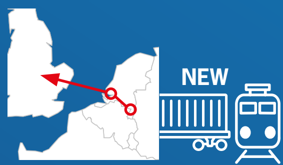


March

First trial runs for reefer units on the Perpignan ⇆ Köln axis

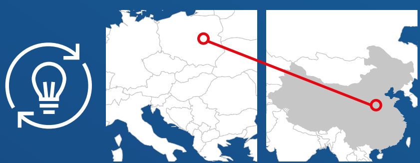
April

ERS launches the Bremerhaven ⇆ Regensburg shuttle with four departures per week and direction



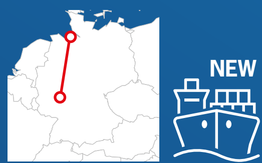
April

The Moerdijk ⇆ Geleen train, running three times a week, reinforces the connection of the UK to the Hupac network



April

First train Xian ⇆ Warsaw



May

Expansion of the network from Bremerhaven with a new ERS train to Frankfurt/Main

September

Strengthening of the Rotterdam ⇆ Vienna/Budapest/Istanbul transport axis with three and then four roundtrips per week

September

Introduction of a shuttle connection Novara ⇆ Bari for P400 transports

MANAGEMENT REPORT

Business development

The 2020 business year was an extremely challenging year, which was also strongly affected financially by the pandemic. The significant traffic slumps and losses in the second quarter could not be compensated for in the course of the year, although the volume curve increased continuously from the third quarter until the end of the year. This was due in particular to the fact that intermodal transport showed further advantages over road transport during this extraordinary period and volumes stabilised quickly as a result. However, the utilisation rate in spring had fallen so sharply that the negative financial results of this period led to the first negative Group result in the company's history on a full-year basis. Taking into account the difficult circumstances and dynamic fluctuations, the result was nevertheless better than originally expected.

Following the first-time full consolidation of ERS Railways GmbH in 2019, there were no significant structural changes or acquisitions in the past financial year.

Transported volumes fell by 0.9% compared to the previous year due to the pandemic. The decline in revenue to CHF 596.8 million was slightly more pronounced at -2.3%, which is due in particular to the negative development in the EUR/CHF currency pair.

Operating contributions for Alpine transit through Switzerland fell by 2.4% in the reporting year, as planned. Additional support to cushion the COVID-19 consequences in the amount of approximately CHF 2.0 million partially compensated for the effect.

Due to the operational challenges and insufficient capacity utilisation, the cost of goods and services could not be reduced proportionally and amounted to CHF 557.3 million. They remained almost unchanged at -0.7% despite the decline in sales and were the main reason for the annual loss. The gross profit declined accordingly by -10.0% to CHF 111.3 million.

Indirect costs were reduced by 3.6% due to restricted travel activities and cost efforts. The item "Depreciation, amortisation and provisions" was reduced by 18%, in particular due to the scaled-back investment programme. The results of the associated companies were around CHF 0.2 million worse than in the previous year, but remained neutral in terms of results.

Consequently, the ordinary operating result fell from CHF 6.0 million in the previous year to CHF -3.3 million.

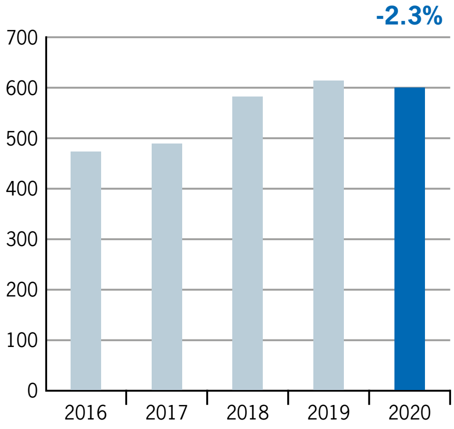
Increased bank loans to finance investments and to secure additional liquidity led to slightly higher financial expenses of CHF 0.3 million. Currency losses were lower this year at CHF 0.4 million.

Due to the sale of fixed assets not essential for operations and extraordinary income, which was CHF 1.5 million higher than in the previous year, the net result was slightly improved. At CHF -2.5 million, it was poor, but better than expected under the circumstances.

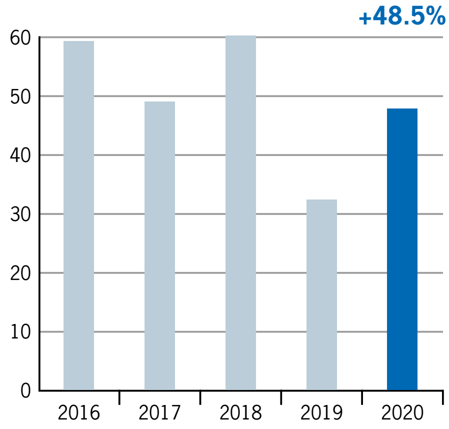
EBITDA, on the other hand, remained relatively stable at -4.3% and CHF 53.1 million. Investments in fixed assets were at a high level of CHF 43.4 million due to multi-year projects; they were significantly reduced compared to the CHF 72.7 million in the previous year, but essentially only delayed.

Amounts in 1000 CHF	2020	2019	%
Income from supplies and services	596,808	611,148	-2.3
Other income	71,742	73,768	-2.7
Cost of the services	557,279	561,331	-0.7
Gross profit	111,271	123,585	-10.0
Annual result of the Group	-2,515	5,126	n/a
EBITDA	53,063	55,442	-4.3

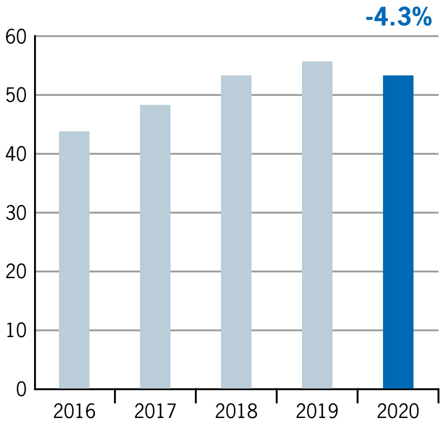
Annual turnover
in million CHF



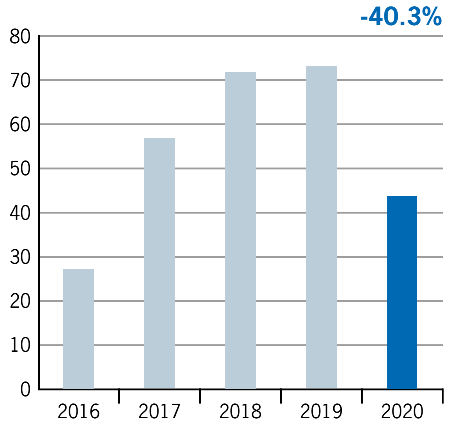
Operating cash flow
in million CHF



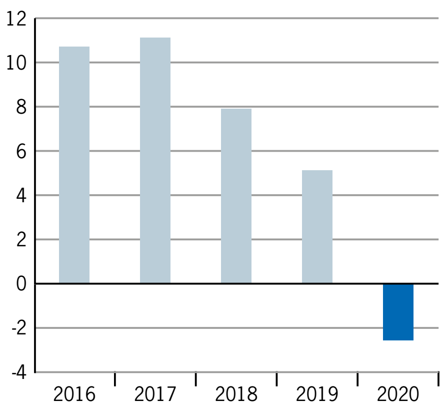
EBITDA
in million CHF



Investments in tangible fixed assets
in million CHF



Annual result
in million CHF



Public **subsidies**

The Federal government provides various subsidies for the shift of freight transport from road to rail. On the one hand, funds from the mineral oil tax are used to contribute to the financing of terminal infrastructure, since the economic viability of transhipment facilities is not guaranteed if they are financed on the capital market. On the other hand, the operators in intermodal transport – especially in Alpine transit – cannot fully cover the costs with market revenues. On the basis of various legal foundations, the Confederation therefore supports the providers of services in intermodal transport in financial terms.

Numerous investment projects for the terminal infrastructure of Termi Ltd, Termi SpA and Hupac Intermodal BVBA were partly subsidised by the Swiss Government. The following projects have already been completed:

- ☑ Busto Arsizio terminal
- ☑ Gallarate connection sidings
- ☑ Singen terminal
- ☑ Extension of the Busto Arsizio terminal into the municipal area of Gallarate
- ☑ HTA Hupac Terminal Antwerp
- ☑ Completion of the Busto Arsizio-Gallarate terminal (according to the final accounts of 2012).

The Hupac Group has to repay a significant part of the subsidies, amounting from 2020 to 2040 to around CHF 43.3 million. In the same period, estimated interest of around CHF 1.0 million will be payable to the Swiss Government (see table).

Further terminal projects are in the planning phase. They concern locations in Brescia, Piacenza, Milano Smistamento and Basel Nord.

As far as operating contributions are concerned, the Federal government's funding model is degressive. With slightly decreasing absolute funds, growing transport volumes are to be shifted. The operating subsidies per road consignment in transalpine traffic through Switzerland have fallen by 2.4% in 2020 compared to 2019. Due to a special Corona subsidy of CHF 160 per train in the period from April to December, we posted additional income of around CHF 2.0 million.

Repayment of public financial aids and interest: indicative cash flow burden per year

Values in 1000 CHF

Years	2020	2021-2026	2027-2030	2031-2035	2036-2041	2020-2041 Total
Loan repayment	1,477	3,588 - 3,588	2,544 - 2,544	1,551 - 2,108	65 - 1,470	43,283
Interest	185	47 - 186	4 - 29			950
Total	1,662	3,635 - 3,774	2,548 - 2,573	1,551 - 2,108	65 - 1,470	44,233

Development
of operative shareholdings

SBB Cargo International Ltd, Olten
Since the beginning of 2011, Hupac has held a minority stake of 25% in the Swiss carrier for international block train and combined transport on the north-south axis. By integrating private-sector logistics know-how, SBB Cargo International is establishing itself as a strong, lean freight railway. This stimulates the market and creates further shift impulses.

boxXpress GmbH, Hamburg
Through its subsidiary ERS Railways, the Hupac Group has held a 47% stake in the rail transport company boxXpress since June 2018. The Hamburg-based company has 37 locomotives and around 1,300 container wagons and provides transport services between German and Dutch seaports and the main German economic regions.

Mercitalia Intermodal SpA, Milan
Since the 1970s, Hupac has maintained close collaboration with the Italian combined transport operator Mercitalia Intermodal. At the end of the reporting year, Hupac held an unchanged capital share of 34.48%.

RAlpin Ltd, Olten
Together with SBB and BLS, Hupac is a shareholder of the combined transport operator established in 2001 for accompanied combined transport through Switzerland. Its capital share remained unchanged at 33.11% at the end of the reporting year. On behalf of RAlpin, Hupac carries out numerous tasks such as customer service, dispatching and invoicing of the Rolling Highway. In addition, Hupac provides agency services at the Novara terminal through its subsidiary Fidia. In the year under review, Hupac Ltd leased 420 low-loader wagons to RAlpin.

Terminal Singen TSG GmbH, Singen
The joint venture company, founded in 1999, operates the Singen terminal together with DB Intermodal Services. Around 60 trains pass through this hub every week.

KTL Kombi-Terminal Ludwigshafen GmbH, Ludwigshafen
Hupac has held a 15% share in the operating company of the Kombi-Terminal Ludwigshafen since 2005. The KTL acts as a central hub in Hupac's network for the bundling of consignments between Germany, Italy, Belgium, the Netherlands and east Europe. Around 100 Hupac trains pass through this hub every week.

DIT Duisburg Intermodal Terminal GmbH, Duisburg
The trimodal Duisburg Intermodal Terminal, in which Hupac has held a share of 10% since 2003, serves as an inland hub for the major North Sea ports of Rotterdam and Antwerp. In the year under review, Hupac ran 25 trains per week via this terminal, including for transports to Poland, Austria and Hungary.

Combinant NV, Antwerp
Hupac holds a share of 35% in the Combinant NV terminal operator, which was founded in 2009. Other shareholders are BASF and Hoyer. In the year under review, Hupac handled 48 trains per week via the Combinant terminal.

RSC Rail Service Center, Rotterdam
Since the end of 2014, Hupac has been represented in the owner consortium of the RSC terminal of Rotterdam with a share of 16.33%. Hupac handles 109 departures per week via the RSC terminal.

Eurogateway Srl, Novara
Through the terminal company CIM SpA Interporto di Novara, Hupac holds a 46.49% share in the terminal operator Eurogateway. Hupac operates 90 trains per week via the Novara terminal.

CIS Cesar International Services Scarl, Brussels
Hupac is a founding shareholder of Cesar International Services, established in 2004, with a capital share of 25.1%. The service company based in Brussels, in which various other combined transport operators hold shares, manages and develops the Cesar customer information system.

Risk assessment

Hupac regularly conducts a risk analysis to identify hazards ex ante, perform a correct risk assessment and implement appropriate mitigation measures. The aim is to protect the Group from economic losses, non-compliance with regulations, operational safety issues, events affecting employee health and safety, currency risks, cyber incidents and other critical issues. Department managers, branch managers and all staff are involved in the risk assessment process. A regular report is submitted to the Board of Directors.

In 2020, Hupac implemented a new Enterprise Risk Management (ERM) system covering all Group activities. The system enables the management to analyse risks across the organisation on an ongoing basis. For this purpose, additional KPIs with thresholds for risk control are defined and trends in the different business areas are monitored.

In ERM, risk is not only considered as a critical and negative aspect, but also screened for its positive significance. This allows all opportunities to be identified within the organisation to minimise losses and maximise opportunities, in a logic of long-term return.

With the introduction of ERM, all existing management systems within the Group are brought together and effectively controlled within the framework of ISO standards (quality, environment, health and safety), the internal control system, ECM and cyber security. It is also an effective method for optimising and streamlining processes.

With regard to rolling stock, the ERM provides for the use and application of Regulation RE 402/2013, which sets out specific arrangements for the safe operation of rolling stock.

The safety management system has also been integrated into the ERM. The goal is "zero critical incidents with Hupac responsibility in the different areas of activity". To this end, plans and tools are drawn up to manage the main operational risks. These concern handling in the terminals, rail traction with loading units and rolling stock, the dangerous goods sector, construction activity and IT systems.

Audits are carried out in the various business units to monitor the processes. The overall system is controlled by the top management.

In terms of continuous improvement and risk minimisation, an analysis of the existing internal control system was launched in 2020. The goal is to ensure the effectiveness of the system against the backdrop of the constantly changing framework conditions in the area of organisation and technology.

Outlook

Crisis management COVID-19

Based on the traffic trends in the first quarter of 2021, we expect volumes to remain stable without a renewed worsening of the COVID-19 crisis, and to increase over the course of the year thanks to the globally expected economic upturn. While the economic recovery is generally anticipated to be significant in the second half of the year, we do not rule out a somewhat weaker and delayed recovery than generally expected. Overall, we forecast total volumes to increase by a single-digit percentage in 2021.

Hupac's employees will continue to work predominantly in home office during the COVID-19 phase in 2021. Contactless processes with consistent social distancing and additional hygiene and safety measures are firmly established in Hupac's terminals. This minimises the health risks for our employees and customers.

Positive future opportunities

The Board of Directors and the management board consider the medium to long-term future prospects for the Hupac Group to be very good, driven by further growth opportunities and continuous investments in our sustainable, climate-friendly business model. The commissioning of the four-metre corridor through Switzerland opens up further opportunities for which Hupac is systematically preparing. The ever-increasing global awareness of sustainability will continue to provide favourable framework conditions in the long term.

We see risks in the short to medium term in the health sector due to COVID-19 and the associated economic risks. Well-known topics such as protectionism, sanctions or possible upheavals on the financial markets can also cause negative business developments at any time. However, the environmental and climate policy, which aims at a broad shift of transports from road to rail, continues to dominate. It is also possible that the recently discussed changes in the global logistics and supply chain, with partial relocation of production sites back to Europe, will offer additional growth opportunities. Hupac remains well positioned and prepared to take advantage of the market opportunities that will arise.

GOVERNANCE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Structure
of the Hupac Group

Company

At the end of 2020, the Hupac Group consisted of 23 companies with locations in Switzerland, Italy, Germany, the Netherlands, Belgium, Poland, Russia and China. With this structure, the Chiasso based Hupac Ltd opens up various markets with interesting growth potential.

In February 2020, Hupac increased its stake in RTC Rail Terminal Chemelot and now holds 60% of the shares. Through this site in the economic centre of Geleen in the south of Holland, Hupac handles around 30 trains per week, with interesting growth prospects for the future. Volumes have already increased in line with expectations.

Through a share transfer within the Group from Combiconnect Srl to Hupac Ltd in December 2020, Hupac Ltd is now the only shareholder of the company CIM Centro Interportuale Merci and continues to hold a majority of 67.03%. Novara is one of the most important terminal locations in northern Italy with an optimal connection to the Lötschberg/Simplon axis. For the coming years, Hupac is planning extensive expansion work to increase the terminal's efficiency.

Board of Directors

The Board of Directors of Hupac Ltd consists of seven members. According to the articles of association, Hupac's shareholders are primarily transport companies that are actively committed to the further development of combined transport. Accordingly, the majority of the Board of Directors of Hupac Ltd is made up of entrepreneurs or delegated board members of such companies. With Germany and Italy, two important geographical markets are covered. In its current composition, the members of the Board of Directors together represent more than two thirds of the voting rights of all shareholders. The composition of the Board of Directors of Hupac Intermodal Ltd and Termi Ltd corresponds to that of Hupac Ltd. In the other companies of the Hupac Group, the majority of the members of the Board of Directors are members of the management of the parent company.

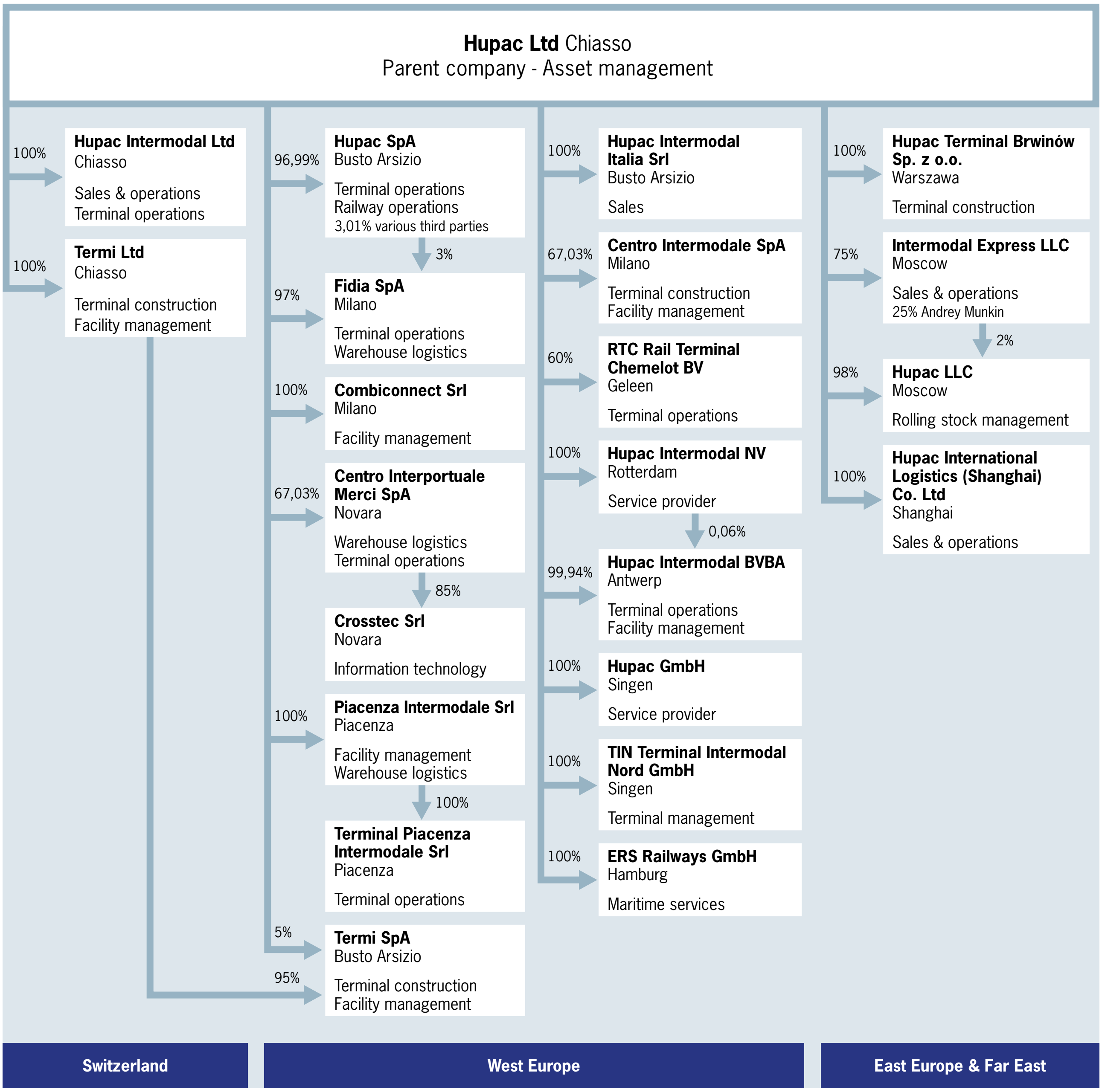
Organisational regulations

The organisational regulations of the Hupac Group govern the constitution and passing of resolutions as well as the tasks and responsibilities of the Board of Directors, the Chair of the Board of Directors, the Committee of Chair of the Board and Managing Director as well as the Management Board. These regulations apply not only to the parent company, but in important matters to all companies of the Hupac Group.

Capital structure

In the year under review, Hupac Ltd had a share capital of CHF 20 million. Around 100 shareholders hold shares in the company. 72% of the capital is held by transport and logistics companies from Switzerland, Germany, Italy, France, Belgium, Austria and the Netherlands, 28% by railway companies. This ensures proximity to the market and guarantees independence from the railways.

Hupac Group Companies



Dated 31.12.2020

Board of Directors of Hupac Ltd

Name	Age	Position	Nationality	First nomination	Expiry of mandate
Dr. Hans-Jörg Bertschi	63	Chairman since 1993	Switzerland	1987	2022
Dr. Thomas Baumgartner	66	Member	Italy	1990	2022
Thomas Hoyer	70	Member	Germany	1988	2022
Bernhard Kunz	63	Member	Switzerland	2020	2022
Ing. Nicolas Perrin	61	Member	Switzerland	2008	2022
Nils Planzer	49	Member	Switzerland	2008	2022
Erich Staake	66	Member	Germany	2020	2022
Jörg Berner	34	Secretary	Switzerland	2019	2022

Dated 31.12.2020

Management board of the Hupac Group and management of the subsidiaries

Hupac Ltd	Michail Stahlhut	*CEO*
	Angelo Pirro	*Deputy*

Switzerland

Hupac Intermodal Ltd

Michail Stahlhut	*CEO*
Alessandro Valenti	*Deputy*

Termi Ltd

Angelo Pirro	*Managing Director*

West Europe

Hupac SpA

Piero Solcà	*Chairman*
Roberto Paciaroni	*Managing Director*

Fidia SpA

Roberto Paciaroni	*Chairman*

Combiconnect Srl

Bernhard Kunz	*Chairman*

Centro Interportuale Merci SpA

Piero Solcà	*Delegate of the Board of Directors*

Crosstec Srl

Aldo Croci	*Chairman*

Piacenza Intermodale Srl

Piero Solcà	*Chairman*

Terminal Piacenza Intermodale Srl

Piero Solcà	*Chairman*

Termi SpA

Angelo Pirro	*Chairman*

Hupac Intermodal Italia Srl

Roberto Paciaroni	*Chairman*
Maurizio Bertaso	*Sales Manager*

Centro Intermodale SpA

Piero Solcà	*Chairman*

RTC Rail Terminal Chemelot BV

Renzo Capanni	*Board member*

Hupac Intermodal NV

Mark Jansen	*Director Operations*

Hupac Intermodal BVBA

Dirk Fleerakkers	*Director Operations*

Hupac GmbH

Sascha Altenau	*Managing Director*

TIN Terminal Intermodal Nord GmbH

Sascha Altenau	*Managing Director*

ERS Railways GmbH

Bernd Decker	*Managing Director*

East Europe & Far East

Hupac Terminal Brwinów Sp. z o.o.

Diana Batko	*Managing Director*

Intermodal Express LLC

Andrey Munkin	*Managing Director*

Hupac LLC

Andrey Munkin	*Managing Director*

Hupac International Logistics (Shanghai) Co. Ltd

Carl Zhong	*General Manager*

Dated 31.12.2020

Shareholdings

Terminal Singen TSG GmbH, based in Singen, should be mentioned as a joint venture company. The company's shareholders are Hupac Ltd and DB Intermodal Services GmbH. Terminal Alptransit (Teralp) Srl is a joint venture of Mercitalia Logistics SpA and Hupac Ltd. The main purpose of the company is the planning and construction of transhipment facilities in Italy.

Hupac holds significant minority interests in various companies in the combined transport activity sector. These include the combined transport operators Mercitalia Intermodal and RAlpin, the terminal companies Eurogateway and Combinant, the rail transport companies SBB Cargo International and boxXpress, the data processing service provider Cesar Information Services and the terminal planning company Gateway Basel Nord.

Hupac has smaller shareholdings in the terminal operating companies KTL Kombi-Terminal Ludwigshafen, DIT Duisburg Intermodal Terminal and RSC Rail Service Center (Rotterdam), in the operator Kombiverkehr GmbH & Co. KG and in the industry association UIRR. In November 2020, Hupac participated in the establishment of Eurasian Rail Gateway CJSC. The company's purpose is the construction of a transhipment terminal in the Great Stone Industrial Park near Minsk.

Certifications

The quality management system of the Hupac Group has been certified according to ISO 9001 since 1995. Since 199, the environmental management system of the Hupac Group has also been certified according to ISO 14001. In October 2019, the Hupac Group companies concerned successfully passed the recertification audit and were thus able to acquire a new certificate valid until October 2022.

In 2020, Hupac Intermodal Ltd and other Group companies were certified for the first time in accordance with ISO 45001 for occupational health and safety. A number of Italian companies previously certified to OHSAS 18001 upgraded and also obtained ISO 45001 certification.

For the rolling stock sector, Hupac Ltd has already been certified in 2010 as an Entity in Charge of Maintenance in accordance with the Memorandum of Understanding (Brussels, 2009). In 2013 the wagon management system of Hupac Ltd was certified in accordance with Regulation (EU) No. 445/2011. In August 2018, the company successfully passed the recertification. The new certificate is valid until 2023.

FINANCIAL STATEMENT


HUPAC
KALTEIS

Financial statement

Consolidated income statement

Amounts in 1 000 CHF	2020	2019
Net income from supplies and services	596 808	611 148
Other income	71 742	73 768
Cost of the services	-557 279	-561 331
Gross profit	111 271	123 585
Payroll expenses	-44 020	-45 645
Other operating expenses	-15 466	-16 036
Depreciations and value adjustments	-52 179	-53 100
Operating result before financial positions	-394	8 804
Financial income	375	372
Dividend income	326	562
Financial expenses	-3 148	-2 874
Result from associates	-33	174
Foreign exchange differences	-405	-1 026
Ordinary operating result	-3 279	6 012
Non-operating income	409	448
Non-operating expenses	-910	-3
Extraordinary income	6 742	1 954
Gain from disposal of fixed assets	940	452
Gain from investments	0	338
Extraordinary expenses	-3 284	-983
Loss from disposal of fixed assets	0	-28
Dissolution of provisions	25	0
Annual result before taxes	643	8 190
Direct taxes	-3 135	-3 080
Annual result	-2 492	5 110
Minority interest	-23	16
Annual result of the Group	-2 515	5 126

Consolidated balance sheet

Amounts in 1 000 CHF	31.12.2020	31.12.2019
ASSETS		
Cash and cash equivalents	83 522	63 671
Receivables from supplies and services	87 424	78 666
- third parties	69 567	65 797
- shareholders	17 857	12 869
Other short-term receivables	12 336	9 244
- third parties	12 336	9 244
Stocks and services non invoiced	7 115	11 353
- stocks	3 242	3 092
- services not invoiced	3 873	8 261
Accrued income	25 213	30 439
Total current assets	215 610	193 373
Financial fixed assets	249	596
- Long-term receivables from third parties	242	589
- Other financial fixed assets	7	7
Investments	43 143	42 748
Tangible fixed assets	280 600	277 547
- Assets under construction	15 563	15 490
- Technical equipment	12 661	12 326
- Rolling stock	111 162	111 107
- Plants on third parties' lands	6 065	6 529
- Terminals, buildings and land	127 449	124 049
- Other tangible fixed assets	7 700	8 046
Intangible fixed assets	20 028	25 663
Deferred tax assets	4 574	4 574
Total fixed assets	348 594	351 128
Total assets	564 204	544 501

Amounts in 1 000 CHF	31.12.2020	31.12.2019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Account payables from supplies and services	54 126	56 218
- third parties	54 050	56 030
- shareholders	76	188
Onerous short-term debts	11 236	7 991
- third parties	11 236	7 991
Other short-term debts	7 050	6 207
- third parties	7 050	6 207
Accrued expenses	37 890	39 614
Short-term provisions	212	202
Total short-term liabilities	110 514	110 232
Onerous long-term debts	158 689	135 159
- third parties	158 689	135 159
Other long-term debts	48 322	48 806
- third parties	48 322	48 806
Long-term provisions	128 124	125 516
Deferred tax liabilities	5 544	5 449
Total long-term liabilities	340 679	314 930
Total liabilities	451 193	425 162
Share capital	20 000	20 000
Statutory capital reserves	18 861	18 701
Statutory retained earnings	55 309	54 222
Voluntary retained earnings	32 028	37 920
Translation difference	-21 272	-19 120
Treasury shares	-802	-1 200
Total Hupac shareholders' equity	104 124	110 523
Minority interests	8 887	8 816
Total shareholders' equity	113 011	119 339
Total liabilities and shareholders' equity	564 204	544 501

Consolidated cash-flow statement

Amounts in 1 000 CHF	2020	2019
Annual result of the Group	-2 515	5 126
Depreciation of tangible assets	42 577	38 565
Depreciation of intangible assets	7 205	6 050
Change in value of investments	-423	-60
Variation of provisions	2 480	4 607
Other non monetary items	1 233	-7
Net result from sale of tangible assets	-940	-424
Net result from sale of investments	0	-338
Income from associated companies	33	-174
Minority interests	198	129
Variation of inventories	-141	161
Variation of short-term receivables	-2 215	6 686
Variation of short-term liabilities	134	-28 251
Cash flows from operating activities	47 626	32 070
Purchase of tangible assets	-43 443	-45 029
Proceeds from sale of tangible assets	1 438	506
Purchase of intangible assets	-1 437	-13 013
Proceeds from sale of intangible assets	0	18
Purchase of investments	-1 228	-14 349
Proceeds from sale of investments	0	338
Cash flows from investing activities	-44 670	-71 529
Variation of financial receivables	417	-1 262
Variation of financial loans	17 880	44 136
Treasury shares	398	625
Dividends payment	-1 571	-1 564
Cash flows from financing activities	17 124	41 935
Variation	20 080	2 476
Cash at beginning of the year	63 671	62 117
Foreign exchange differences on cash	-229	-922
Cash at end of the year	83 522	63 671

Notes to the consolidated financial statements 2020

Principles applied in these financial statements

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 – 963b Swiss Code of Obligations (CO) (effective 1 January 2013).

Accounting policies

Consolidation principles
The consolidated financial statements of Hupac Ltd have been prepared using the purchase price method, in line with the following principles and in accordance with the provisions of Swiss company law.

The consolidated financial statements of Hupac Ltd are based on the individual annual accounts of the Group's foreign subsidiaries, which have been prepared in accordance with uniform, generally accepted accounting and valuation principles, as well as on the statutory financial statements of the Swiss subsidiaries. The consolidated financial statements as at 31 December 2020 also include an additional general risk provision of CHF 8.2 million.

Consolidated companies
The consolidated financial statements include the annual results of Hupac Ltd and its Swiss and foreign subsidiary companies in which the parent company has a direct or indirect shareholding of more than and with 50% or a relative majority, has the voting majority and exercises a predominant influence on the conduct of the company.

Associated companies in which the parent company has more than 20% and up to 50% of the voting rights are consolidated using the equity method. Interests of minor significance are not included in the consolidation.

Method of consolidation
Assets and liabilities as well as revenue and expenditure of the consolidated companies are included in full. The purchase method is used for capital consolidation. This involves capitalizing - as goodwill from acquisitions - the difference between the purchase price of a company and the fair market value of the net assets thus acquired, which is amortized on a straight-line basis over a period between five and twenty years.

All balances, transactions and unrealized profits existing between Group companies are eliminated during the consolidation process. Dividends paid by consolidated companies are set off and allocated to the reserves. Minority shareholders' share of equity and profits appear separately on the balance sheet and income statement, respectively.

Conversion and transactions in foreign currencies
Transactions in foreign currencies by subsidiaries are converted and booked using the rate of exchange prevailing at the time of the transaction. Exchange rate differences are included in the income statement. Foreign currency balances at the end of the year are converted at the respective year-end exchange rate. Any resulting exchange gains are included in the income statement. A provision is made for unrealized exchange gains.

In the consolidated financial statements the assets and liabilities of foreign subsidiaries are converted into Swiss francs using the year-end exchange rate. The average exchange rate for the respective year is used to convert the income statement. Any translation differences resulting from converting the balance sheet at year-end exchange rates and the income statement at average exchange rates are credited or debited to equity under "Translation differences" and thus do not affect profit.

Revenues from supplies and services
Turnover resulting from supplies and services is booked at the time of performance. Turnover is shown without VAT and after deduction of any discounts and price reductions granted to customers. Revenues from supplies and services comprises sales to customers, UIRR companies and third parties for services performed on the transport network of Hupac, as well as for the hiring-out of wagons outside this transport network, logistics services and miscellaneous.

Other income
In this position are disclosed the governmental grants.

Cost of supplies and services
The cost of supplies and services is made up of the charges invoiced to Hupac for the provision of the necessary supplies and services (including freight charges, leasing of wagons, maintenance, terminal charges, operational insurance premiums and miscellaneous) for achieving the turnover with customers, UIRR companies and third parties.

The following companies were fully consolidated:

Company		Share or company capital	Interests as % 31.12.2020	Interests as % 31.12.2019
Hupac Ltd, Chiasso	CHF	20 000 000		
Hupac Intermodal Ltd, Chiasso	CHF	250 000	100.00	100.00
Hupac SpA, Busto Arsizio	EUR	2 040 000	96.99	96.99
Sub-interests of Hupac SpA, Busto Arsizio: - Fidia SpA, Milan	EUR	550 000	3.00	3.00
Hupac GmbH, Singen	EUR	210 000	100.00	100.00
Termi Ltd, Chiasso	CHF	2 000 000	100.00	100.00
Sub-interests of Termi Ltd, Chiasso: - Termi SpA, Busto Arsizio	EUR	2 000 000	95.00	95.00
Termi SpA, Busto Arsizio	EUR	2 000 000	5.00	5.00
Fidia SpA, Milano	EUR	550 000	97.00	97.00
Centro Intermodale SpA, Milano	EUR	2 769 700	100.00	100.00
Sub-interests of Centro Intermodale SpA, Milan: - Terminal Piacenza Intermodale Srl, Piacenza	EUR	52 000	100.00	100.00
Hupac Intermodal Italia Srl, Busto Arsizio	EUR	100 000	100.00	100.00
Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	99.94	99.94
Hupac Intermodal NV, Rotterdam	EUR	200 000	100.00	100.00
Sub-interests of Hupac Intermodal NV, Rotterdam: - Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	0.06	0.06
Intermodal Express LLC, Mosca	RUB	3 000 000	75.00	75.00
Sub-interests of Intermodal Express LLC, Moscow: - Hupac LLC, Moscow	RUB	150 000 000	2.00	2.00
Hupac LLC, Mosca	RUB	150 000 000	98.00	98.00
Hupac Terminal Brwinów Sp. z o.o., Brwinów	PLN	100 000	100.00	100.00
Hupac International Logistics (Shanghai) Co. Ltd, Shanghai	CNY	5 000 000	100.00	100.00
Piacenza Intermodale Srl, Piacenza	EUR	8 430 300	100.00	100.00
ERS Railways GmbH, Hamburg	EUR	200 000	100.00	100.00
Combiconnect Srl, Milan	EUR	500 000	100.00	100.00
Sub-interests of Combiconnect Srl, Milan: - Centro Interportuale Merci CIM SpA, Novara [1)]	EUR	24 604 255	-	43.86
Centro Interportuale Merci CIM SpA, Novara [1)]	EUR	24 604 255	67.03	23.17
Sub-interests of CIM SpA, Novara: - Crosstec Srl, Novara	EUR	100 000	85.00	85.00
TIN Terminal Intermodal Nord GmbH, Singen	EUR	50 000	100.00	100.00
Rail Terminal Chemelot (RTC) BV, Geleen [2)]	EUR	678 000	60.00	40.00

1) In 2020, the shares in CIM were sold from Combiconnect to Hupac Ltd
2) In 2019 RTC was consolidated using the equity method, in 2020 with the acquisition of a further 20% using the full consolidation method

The following companies were consolidated using the equity method:

Company	Registered in	Interests as % 31.12.2020	Interests as % 31.12.2019
Mercitalia Intermodal SpA	Milan (Italy)	34.48	34.48
Terminal Alptransit Srl	Milan (Italy)	42.00	42.00
RAlpin Ltd	Olten (Switzerland)	33.11	33.11
SBB Cargo International Ltd	Olten (Switzerland)	25.00	25.00
Cesar Information Services Scarl	Brussels (Belgium)	25.10	25.10
Combinant NV	Antwerp (Belgium)	35.00	35.00
Terminal Singen TSG GmbH	Singen (Germany)	50.00	50.00
Gateway Basel Nord AG	Basel (Switzerland)	24.50	24.50
boxXpress GmbH	Hamburg (Germany)	47.00	47.00
Eurogateway Srl	Novara (Italy)	46.49	46.49

Table of currency conversion

	Balance sheet		Income statement	
	31.12.2020	31.12.2019	2020	2019
CHF/EUR	1.08216	1.08580	1.07020	1.11280
CHF/RUB	0.01174	0.01560	0.013068	0.015400
CHF/PLN	0.23471	0.25500	0.240950	0.258900
CHF/CNY	0.13470	0.13910	0.136054	0.143900

Shareholders' equity movements

Amounts in 1 000 CHF	Share capital	Reserves and Group results	Treasury shares	Translation differences	Total	Minority interests
Balance at 1 January 2019	20 000	108 356	-1 825	-15 405	111 126	558
Translation differences				-2 713	-2 713	-184
Translation differences of associated companies				-1 002	-1 002	
Net equity adjustment		-1 075			-1 075	8 458
Movements of treasury shares			625		625	
Parent company dividend		-1 564			-1 564	
Consolidated profits 2019		5 126			5 126	-16
Balance at 31 December 2019	20 000	110 843	-1 200	-19 120	110 523	8 816
Translation differences				-2 069	-2 069	-128
Translation differences of associated companies				-83	-83	
Net equity adjustment		-559			-559	176
Movements of treasury shares			398		398	
Parent company dividend		-1 571			-1 571	
Consolidated profits 2020		-2 515			-2 515	23
Balance at 31 December 2020	20 000	106 198	-802	-21 272	104 124	8 887

Treasury shares

Registered shares	2020	2019
Initial holdings on 01.01.	357	462
- Purchase	0	1
- Sale	-67	-106
Final holdings on 31.12.	290	357

The transactions were concluded on market-based condition.

	2020	2019
Personnel - average number of full-time equivalents	557	537

Derivative instruments - As at 31.12.2020

Amounts in CHF	Contract volume as at 31.12.2020	Fair values as at 31.12.2020	Fair values as at 31.12.2019
Transactions interest rate swap			
Zürcher Kantonalbank 10.4.2012-14.4.2020, 0.825%	0	0	-40 655
Credit Suisse 19.1.2015-19.1.2022, 1.46%	20 000 000	-571 008	-987 398
Total	20 000 000	-571 008	-1 028 053

At 5.4.2012 Hupac Ltd closed a deal concerning interest rate swap with Zürcher Kantonalbank and at 19.11.2013 with Credit Suisse. With these contracts Hupac Ltd has committed itself to pay a fixed interest rate. In return Hupac Ltd receives in case of positive interest level the floating rate corresponding to the 3-months Libor. The transactions have been concluded with the aim of securing a firm financing.

Amounts in 1 000 CHF	31.12.2020	31.12.2019
Extraordinary expenses	3 284	983
The most significant items are: 2020: Release of unrealised accrued income and Tax costs of previous years 2019: Repayment to the BAV of part of the financing received for the construction of the Antwerp HTA Terminal		
Extraordinary income	6 742	1 954
The most significant items are: 2020: Income from disposal of assets from previous years and release of provisions no longer required 2019: Reversal of Tornesch provision and refund of penalty fees		
Other information in accordance with legal requirements		
Debts from leasing obligations with remaining duration of more than twelve months from the balance sheet date	9 641	4 580
Debts towards personnel foundations	582	636
Total amount of collateral pledged for liabilities of third parties	16 859	16 909
Pledges on assets to secure own liabilities	80 715	71 687
Details of Onerous long-term debts		
- 1 - 5 years	105 936	42 357
of which leasing	7 169	4 827
- > 5 years	52 752	92 802
of which leasing	1 335	3 133
Details of tangible fixed assets		
Tangible fixed assets	280 600	277 547
of which leasing	8 039	6 845
Auditor’s fees		
Audit services	166	145

Report of the statutory auditor on the consolidated financial statements 2020

As statutory auditor, we have audited the accompanying consolidated financial statements of Hupac Ltd, which comprise the balance sheet, income statement, cash flow statement and notes, for the year ended 31 December 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2020 comply with Swiss law and the consolidation and valuation principles as set out in the notes.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG

Elisa Alfieri Licensed audit expert (Auditor in charge)	Michele Balestra Licensed audit expert

Lugano, 27 April 2021

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HUPAC