ANNUAL REPORT 2018

HUPAC AT A GLANCE

Market leader in international combined transport

Hupac is the leading network operator in intermodal transport in Europe. For over fifty years we have pioneered innovative, reliable rail transport and thus made an important contribution to modal shift from road to rail.

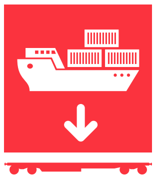
The network of the Hupac Group comprises 130 trains per day with connections between the major European economic areas as well as to Russia and the Far East. The companies of the Hupac Group have 6,900 rail platforms at command and operate efficient terminals at important hubs.

The Hupac Group comprises 19 companies with locations in Switzerland, Italy, Germany, the Netherlands, Belgium, Poland, Russia and China, and counts 526 employees.

Hupac was founded in 1967 in Chiasso. The company has around 100 shareholders. The share capital amounts to CHF 20 million; 72% belongs to logistics and transport companies while 28% is held by railway companies, thus guaranteeing closeness to the market and independence from the railway companies.

Business segments

Shuttle Net Europe
The Shuttle Net Europe business unit operates a dense network for continental combined transport. The close interconnection and the high departure frequency create added value for customers.



Maritime Logistics
The Maritime Logistics business unit focuses on maritime hinterland transport. Under the ERS Railways brand, it provides supplementary services such as port shunting, local delivery and customs clearance.

Intermodal Russia
The Intermodal Russia business segment organises intermodal transport in Russia and the CIS countries. Own rolling stock for the Russian broad gauge guarantees 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.

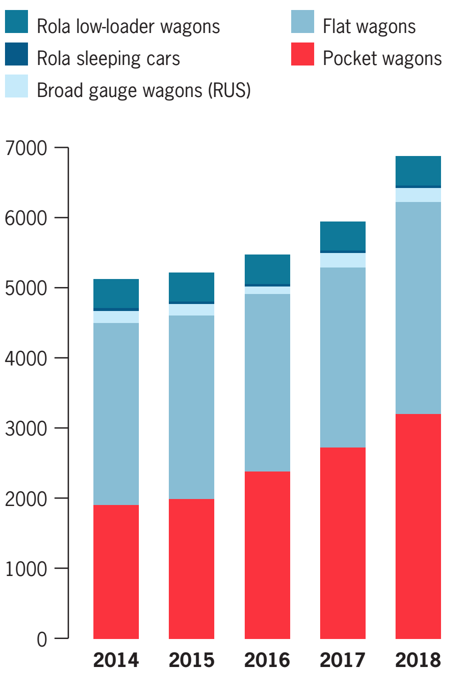
Terminal Management
The Terminal Management business segment operates transhipment facilities at central European locations. The focus is on efficiency, customer service and safety.

FACTS & FIGURES

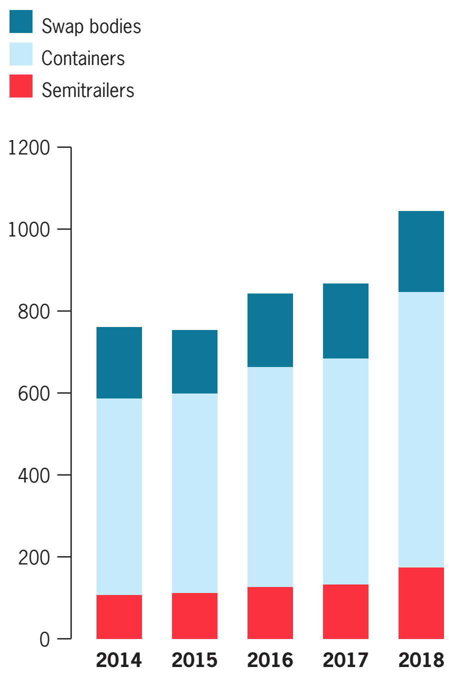
Year of incorporation	1967
Share capital	CHF 20 million
Shareholders	around 100
Capital structure	72% transport and logistics companies 28% railway companies
Headquarters	Chiasso
Operational branches/ Representative offices	Basel, Baden, Busto Arsizio, Piacenza, Singen, Cologne, Hamburg, Rotterdam, Antwerp, Warsaw, Moscow, Shanghai
Business profile	Intermodal network operator
Traffic volume	926,414 road consignments – 1,720,000 TEUs
Employees	526 natural persons 515 persons in full time equivalent
Rolling stock	6,890 rail platforms 20 main-line and/or shunting locomotives
Terminal management	Busto Arsizio, Piacenza, Aarau, Basel Wolf, Chiasso, Singen, Antwerp
Information technology	Goal, integrated software solution for intermodal transport WOLF, web-oriented framework for all corporate processes Cesar, web-based tracking and tracing system Ediges, XML-based data exchange system
Certifications	Quality management system ISO 9001:2015 Environmental management system ISO 14001:2015 ECM Entity in Charge of Maintenance according to regulation (EU) No. 445/2011
Financial data	Annual turnover CHF 579.7 million (EUR 502.1 million) Profit for the year CHF 7.9 million (EUR 6.8 million) EBITDA CHF 53.0 million (EUR 45.9 million) Operating cash flow CHF 60.0 million (EUR 51.9 million)

Dated 31.12.2018

Rolling stock by type
Number of rail platforms



Transports per loading unit
in 1000

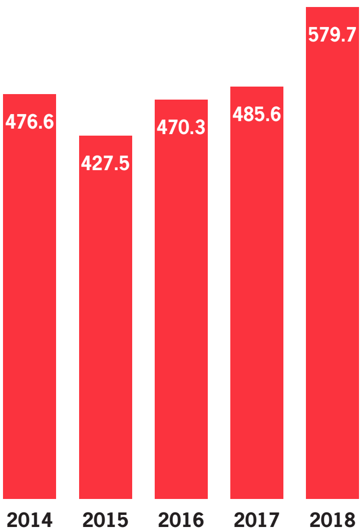


Transport volumes

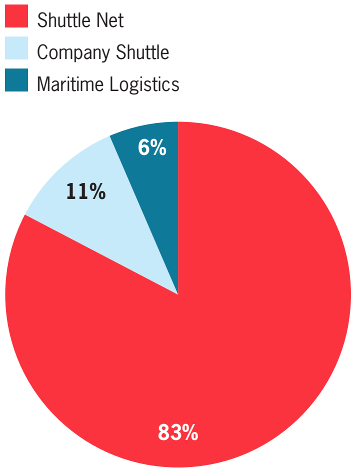
	Road consignments			Net weight in tonnes		
	2018	2017	%	2018	2017	%
Transalpine via CH	535,777	468,329	14.4	10,330,000	8,969,000	15.2
Transalpine via A	35,486	36,878	-3.8	666,000	684,000	-2.6
Transalpine via F	3,281	3,686	-11.0	67,000	80,000	-16.3
Non-transalpine	351,870	254,208	37.9	5,645,000	4,303,000	31.2
Total	926,414	763,101	21.4	16,708,000	14,036,000	19.0

Road consignments: number of loading units that would equate to one HGV in road haulage, i.e. one semi-trailer or two swap bodies 7.82 metres long or one heavy tank container or two light 20-foot containers
Net weight: weight of the goods carried

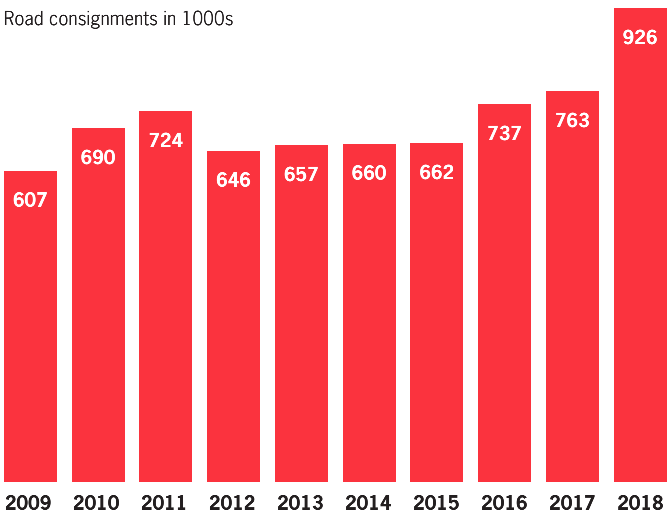
Annual turnover
in million CHF



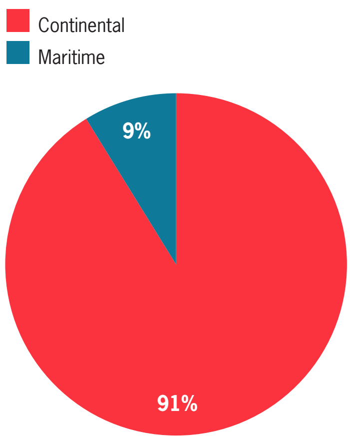
Annual turnover by business unit
in %



Traffic volume
Road consignments in 1000s



Traffic volume by segment
in %



ANNUAL REPORT 2018

INTRODUCTION

Dr. Hans-Jörg Bertschi
President of the Board of Directors of Hupac Ltd

Ladies and gentlemen, dear friends of our company

Hupac experienced an exciting 2018 and once again showed that strategy and carefully planned implementation steps lead to success.

In June, Hupac took over the combined transport operator ERS Railways BV based in Rotterdam and Hamburg, including a 47 per cent stake in the Hamburg-based railway undertaking boxXpress.

With this takeover, the Hupac Group strengthens its position in maritime hinterland transport – a segment that has recorded significant growth in recent years and has a secure potential in the future, as globalisation continues to require strong networks between the ports and the hinterland.

ERS is gradually being developed into the brand of the Hupac Group for maritime transport. While ERS today focuses on connections within Germany, the range of services will be extended to the western ports in addition to the network of Hupac Intermodal. Already in the 2018, ERS contributed with 190,000 TEUs or 92,000 road consignments to the total volume of the Hupac Group and generated a pleasing result.

A further step for the future of Hupac was the continuation of the generation change that has been planned for a long time. In August 2018, Michail Stahlhut took over the management of the operative subsidiary Hupac Intermodal Ltd. After a two-year transition period, the Board of Directors will also hand over the management of the head office Hupac Ltd to him. Bernhard Kunz, who has had top management responsibility since 2004, will initially continue to head Hupac Ltd. Subsequently, it is planned that he will support the company as a member of the Board of Directors in strategic projects.

With Michail Stahlhut we were able to win a successful railway director for the further development of Hupac. The current complexity of rail freight transport requires an even closer integration of the processes between railways and combined transport operators with regard to the opportunities offered by AlpTransit and the 4-metre corridor. We are convinced that market proximity plus rail know how are key to the success of combined transport.

In the financial year 2018, Hupac continued its investment and growth strategy. Around 500 wagon modules were ordered, the securing of terminal capacities in the core markets is progressing, and the leap into logistics 4.0 is being pursued with numerous digitalisation projects.

The market environment was extremely challenging, especially with regard to the quality of the railway infrastructure and the performance of individual large railways. The fact that Hupac was able to achieve a pleasing financial result despite these challenges is primarily due to the great commitment of its employees. On behalf of the Board of Directors, I would like to express my sincere thanks to the management board and all employees.

New challenges await us in 2019. Developments in recent months indicate that the longest post-war period of growth after ten years is likely to come to an end. This opens up a new phase of uncertainty and consolidation, which, however, also brings opportunities for Hupac. I am convinced that the strong Hupac team is well prepared for the challenges ahead.

On behalf of the Board of Directors, I would like to thank you for your confidence and look forward to continuing on this path with you.

Chiasso, April 2019

Bernhard Kunz
CEO of Hupac Ltd

Michail Stahlhut
CEO of
Hupac Intermodal Ltd

Dear shareholders, customers, partners and employees

Last year, the Hupac Group achieved important targets. For the first time, we generated sales in excess of EUR 500 million. For the first time, we transported more than 500,000 road consignments across the Swiss Alps – with a total volume of almost one million road consignments. And for the first time, the Hupac Group has more than 500 employees.

Despite the strong growth, the "old" values continue to apply at Hupac: trust, fairness, willingness to innovate and the constant endeavour to develop combined transport together with customers and partners.

Today's market environment presents us with particular challenges. The intensive construction activity on the European rail network, the sometimes hostile conditions for freight traffic and, not least, the scarcity of railway resources have put a considerable strain on the quality of traffic in recent years. It is not – or not only – a question of mobility in the distant future. It is about the here and now.

The current quality problems can only be tackled if we inject sufficient reserves into the system. Ten percent of our wagons are planned as back-ups in order to absorb delays with replacement compositions and keep the pipeline running. The same applies to the traction: we will engage even more deeply into the value chain without us being a railway company, for example by investing into dedicated reserves of locomotives and drivers.

Terminal processes play a key role. Delays often begin under the crane. The best railway system fails if all timetables are unpunctual. On the other hand, it is precisely the terminals that act as a buffer to ensure that delayed trains can depart on time. This is another reason why Hupac invests in terminal capacities with market-friendly opening and operating times.

We are convinced that we can only improve the punctuality and reliability of combined transport in constant dialogue with all parties involved. Moreover, we expect infrastructure operators and transport ministries to do more for freight transport – for example, in construction site planning and by strengthening international rail freight corridors. To this end, we are increasingly seeking proximity to the infrastructure managers of this continent.

In the current year, we will continue to expand our transport services and prepare ourselves for the opening of the 4-metre corridor through Switzerland. In the first three months of the year, the Company Shuttle business unit recorded further positive volume growth. Thanks to the acquisition of ERS, Hupac was able to position itself in maritime hinterland transport from German seaports. Special thanks go to our employees at ERS, who will be launching various connections between Rotterdam and Germany as early as the middle of the year. We are also developing specialised services on the Russia and Far East axis in order to benefit from the market opportunities in this growth market.

By the end of 2019, our digitalisation project "Hupac Train Radar" will reach pilot maturity. Thanks to GPS coverage of all trains, our customers will in future be able to call up the status and estimated pick-up time of the loading units and integrate them directly into their system – an important contribution to optimizing supply chains.

We would like to thank our shareholders, customers and partners for the trust they have placed in us. A big thanks goes to our employees. They come from 25 countries on all continents. We are proud of them and feel committed to them. Together, we are dedicated to an open, tolerant atmosphere that promotes solidarity and motivates people to excellence.

Chiasso, April 2019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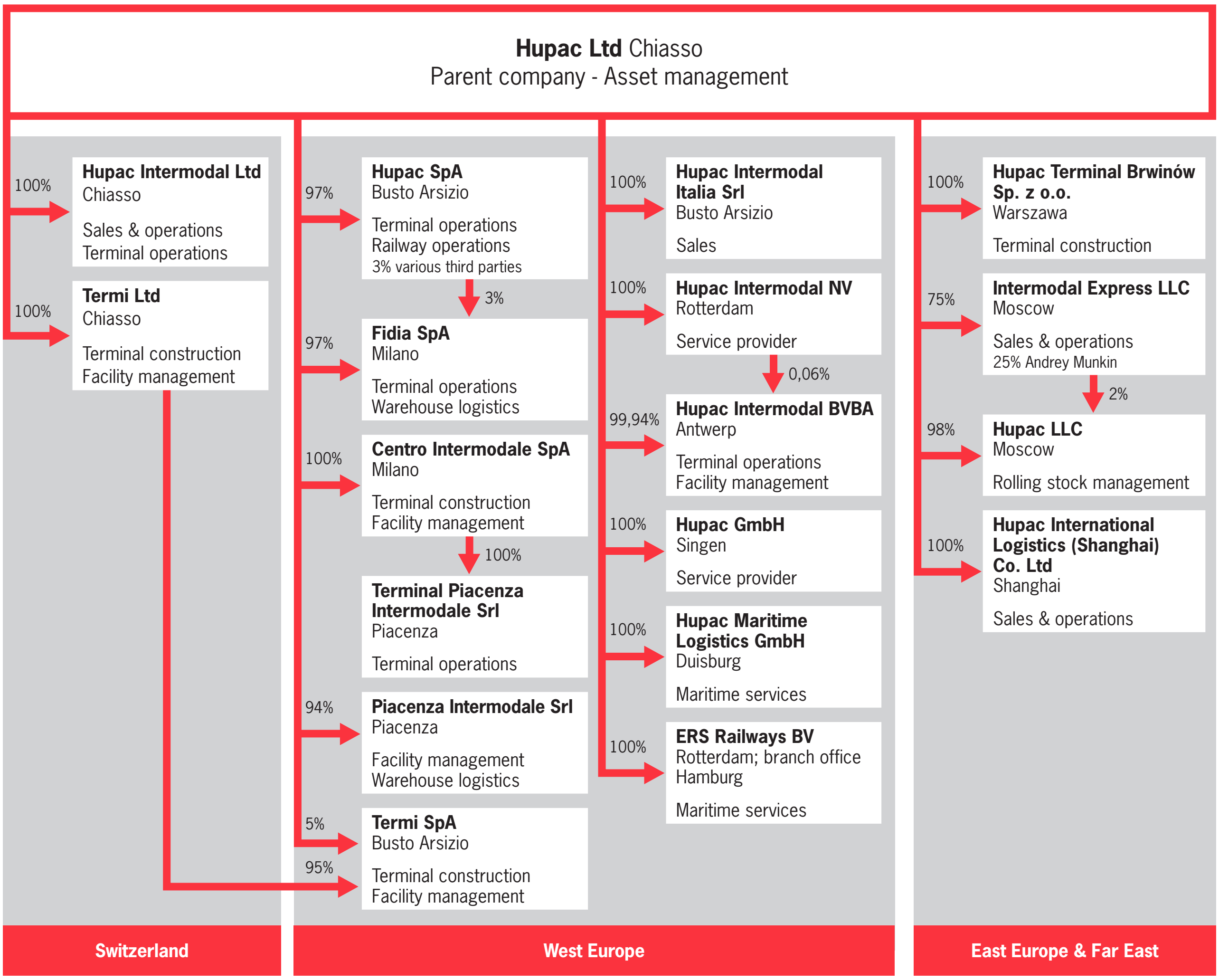
...IN TIME!
ITALIEN...SPANIEN

CORPORATE GOVERNANCE

Structure of the Hupac Group

At the end of 2018, the Hupac Group consisted of 19 companies based 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 June 2018, Hupac Ltd acquired 100% of ERS Railways BV including its 47% participation in boxXpress in Hamburg. As an operator, the company concentrates on hinterland transport from the northern ports and thus completes Hupac Intermodal Ltd's core business. In Poland, on the other hand, the minority holding in PCC Intermodal was sold in the past financial year.



Dated 31.12.2018

Board of Directors

The Board of Directors of Hupac Ltd comprises five members. According to the company's by-laws, the shareholders of Hupac are transport companies who actively contribute to the development of intermodal transport. Consequently the majority of the members of the Board of Hupac Ltd are entrepreneurs or managing directors of companies of this type. The German and Italian markets are represented on the Board as geographical markets of strategic importance. In its current composition the Board of Directors represents more than two thirds of all shareholders' votes. The composition of both Hupac Intermodal Ltd and Termi Ltd's Boards of Directors is identical to that of Hupac Ltd. At the other companies of the Hupac Group, the Boards are composed mainly of members of the management of the parent company.

Organisational regulations

The Hupac Group's organisational regulations 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. The document applies not only to the parent company but, for important issues, also to all companies of the Hupac Group.

Capital structure

In the year under review, Hupac Ltd had share capital of CHF 20 million. The company is owned by about 100 shareholders. Transport and logistics companies from Switzerland, Germany, Italy, France, Belgium, Austria and the Netherlands hold 72% of the share capital, with the remaining 28% held by railway companies. This ensures closeness to the market, while independence from the railways remains guaranteed.

Board of Directors of Hupac Ltd

Name	Age	Position	Nationality	First nomination	Expiry of mandate
Dr. Hans-Jörg Bertschi	61	Chairman since 1993	Switzerland	1987	2019
Dr. Thomas Baumgartner	64	Member	Italy	1990	2019
Thomas Hoyer	68	Member	Germany	1988	2019
Ing. Nicolas Perrin	59	Member	Switzerland	2008	2019
Nils Planzer	47	Member	Switzerland	2008	2019
Angelo Pirro	41	Secretary	Switzerland	2017	2019

Dated 31.12.2018

Shareholdings

Terminal Singen TSG GmbH with its registered office in Singen should be mentioned as a joint venture company. The shareholders in this company are Hupac Ltd and DB Intermodal Services GmbH.

Hupac maintains substantial minority shareholdings in various companies within the field of combined transport. These include the combined operators Mercitalia Intermodal and RAlpin, the terminal operators Combinant and RTC Rail Terminal Chemelot, the railway undertakings SBB Cargo International and boxXpress, the data processing provider Cesar Information Services, as well as the terminal planning companies Gateway Basel Nord and Terminal AlpTransit Srl (Teralp).

Hupac maintains minor shareholdings in the terminal operating companies KTL Kombi-Terminal Ludwigshafen, DIT Duisburg Intermodal Terminal, RSC Rail Service Center (Rotterdam) and Eurogateway (Novara), in the operator Kombiverkehr GmbH & Co. KG, the branch association UIRR and the terminal owner CIM Centro Interportuale Merci (Novara).

Certifications

The ISO 9001 and 14001 quality and environmental management system was certified in December 2017 as per the 2015 guidelines.

Hupac was certified in 2013 as an ECM (Entity in Charge of Maintenance) according to regulation (EU) No. 445/2011. The certificate is valid for five years and covers all aspects of wagon management.

Management Board of the Hupac Group and management of the subsidiaries

Hupac Ltd	Bernhard Kunz	*Managing Director*
	Angelo Pirro	*Deputy*
	Michail Stahlhut	*Deputy*

Switzerland

Hupac Intermodal Ltd	Michail Stahlhut	*Managing Director*
	Alessandro Valenti	*Deputy*
Termi Ltd	Angelo Pirro	*Managing Director*

West Europe

Hupac SpA	Piero Solcà	*Chairman*
Fidia SpA	Roberto Paciaroni	*Chairman*
Centro Intermodale SpA	Piero Solcà	*Chairman*
Terminal Piacenza Intermodale Srl	Piero Solcà	*Chairman*
Piacenza Intermodale Srl	Piero Solcà	*Chairman*
Termi SpA	Angelo Pirro	*Chairman*
Hupac Intermodal Italia Srl	Maurizio Bertaso	*Sales Manager*
Hupac Intermodal NV	Mark Jansen	*Operations Director*
Hupac Intermodal BVBA	Dirk Fleerakkers	*Operations Director*
Hupac GmbH	Sascha Altenau	*Managing Director*
Hupac Maritime Logistics GmbH	Sven Lehmann	*Managing Director*
ERS Railway BV	Bernd Decker	*Managing Director*
	Renzo Capanni	*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 31.12.2018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MANAGEMENT REPORT

ECONOMIC DEVELOPMENT

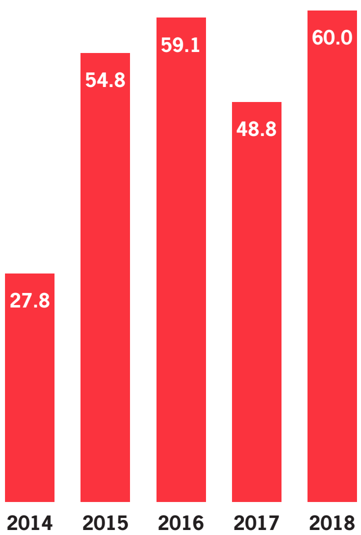
In financial year 2018, the Hupac Group's net income from supplies and services showed a substantial year-on-year increase in a positive economic environment. Sales revenue rose by 19.4% to CHF 579.7 million thanks to organic growth, the acquisition of ERS Railways BV and the discontinuation of the negative special effect from the Rastatt disruption in the prior year. The other income item, which includes government financial support, increased by 10.3% as compared to 2017, thanks to significant volume growth.

The 18.8% year-on-year increase in the cost of supplies and services lagged slightly behind growth in sales revenue. This resulted in higher gross profit of CHF 122.2 million in the reporting year, with a slight decrease in the gross margin.

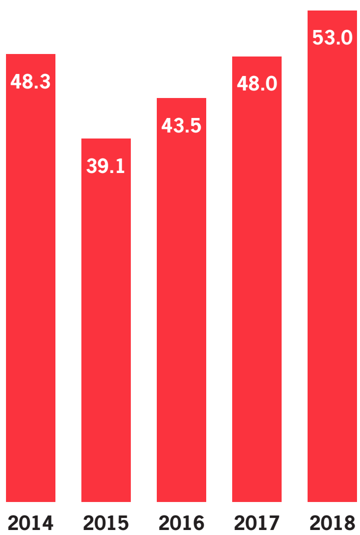
Extraordinary income and currency gains made a positive contribution of CHF 5.1 million to the result in 2017; in the financial year just ended, however, this figure decreased significantly to CHF 2.4 million, including a gain of CHF 1.9 million from the sale of a participating interest. At CHF 7.9 million, the Group's profit for the year therefore decreased by 29.1%.

Amounts in 1000 CHF	2018	2017	%
Income from supplies and services	579,723	485,570	19.4%
Other income	73,675	66,817	10.3%
Cost of the services	531,166	447,262	18.8%
Gross profit	122,232	105,125	16.3%
Group's operating profit	7,886	11,127	-29.1%
EBITDA	53,020	48,041	10.4%

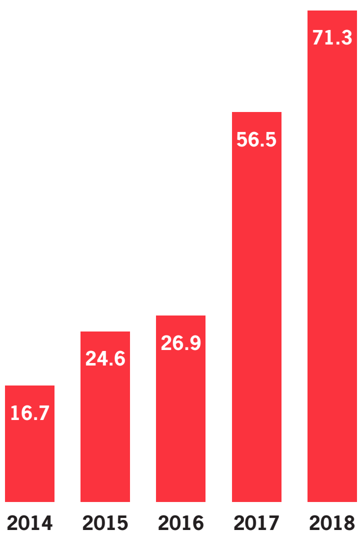
Operating cash flow
in million CHF



EBITDA
in million CHF



Investments in tangible fixed assets
in million CHF



Group EBITDA in financial year 2018 was CHF 53.0 million, equivalent to a year-on-year increase of 10.4%. At CHF 71.3 million, investments in tangible assets saw a significant increase: this reflects our growth strategy, which is geared to the long term.

Overall economic conditions in the first half proved to be extremely favourable throughout the world, although the pace of growth began to slacken somewhat towards the end of the year. Nevertheless, we continue to anticipate slight growth for the 2019 financial year.

In terms of situation reporting, we continue to assess the long-term future prospects for the Hupac Group as very good, driven by further opportunities for growth and continuous investments. In addition to the known economic and geopolitical risks such as protectionist trends, monetary policy and the possibility of a global recession, we also see certain risks regarding the EUR/CHF exchange rate. We identify significant additional potential in the event that new technological possibilities are implemented more dynamically within our supply chain, coupled with better international coordination of rail infrastructure work.

RISK ASSESSMENT

Within the framework of risk management, Hupac assesses risks starting with the prior recognition of all dangers, then it identifies and defines consequent risks with the aim of safeguarding the Group against significant economic losses.

The core of the system is a list of dangers, with indication and evaluation of consequent risks drawn up by department heads and managers of the subsidiaries. The Management Board is responsible for updating the list. Current information about the state of the risk management is regularly submitted to the Board of Directors.

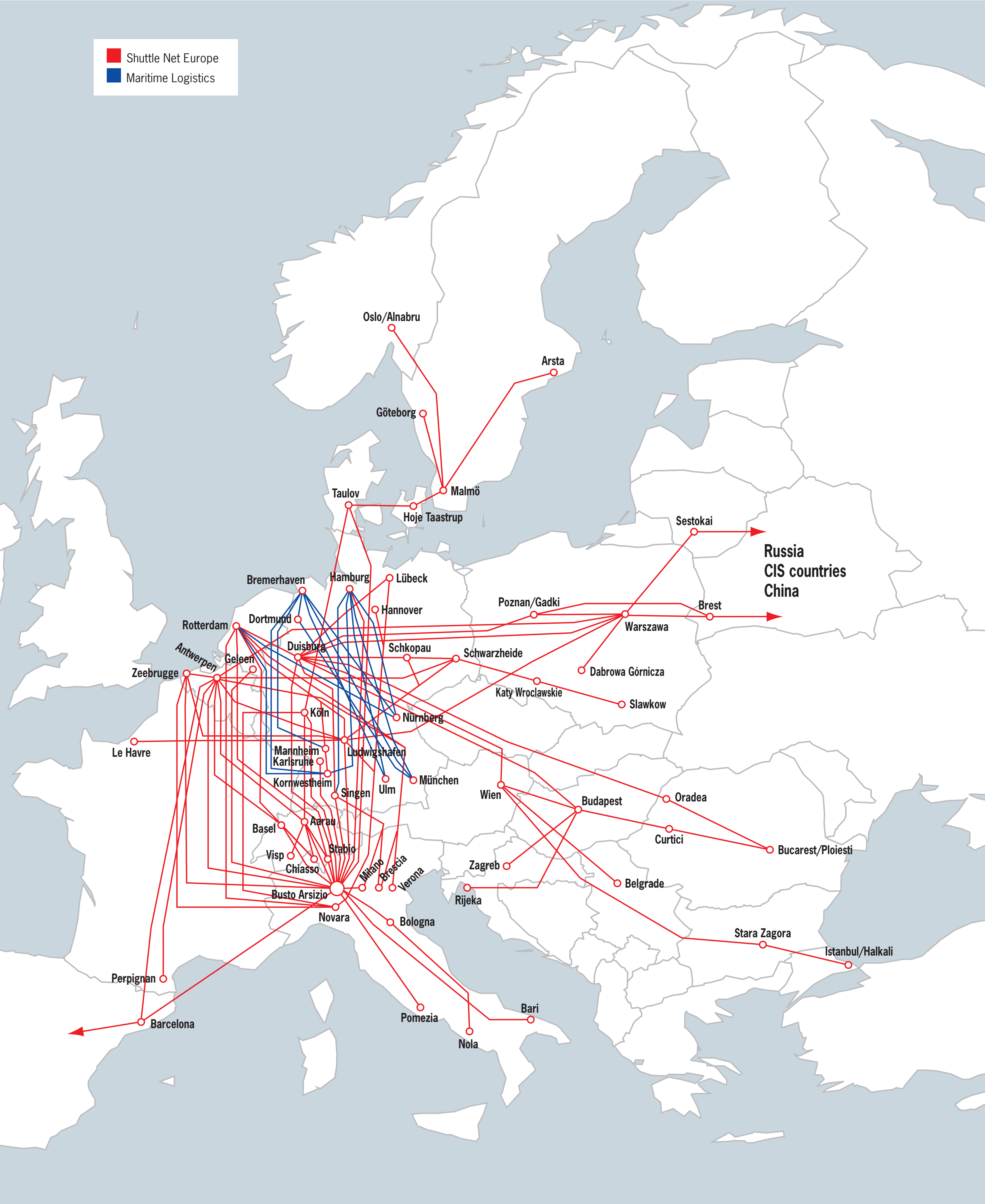
The specific objective in this regard is to control, limit and prevent risks in case of significant changes; this is achieved by applying regulations, by analysing similarities with reference systems, by identifying scenarios and implementing safety and security measures.

The Hupac Group makes the necessary resources available for this purpose. We also consider it important that risk identification should comprise the employees who are directly involved, so that they can report hazard potentials and future risks to their supervisor.

The Hupac Group's risk structure has not undergone substantial changes compared to previous years. The greatest operational risks are present on terminals and railway lines. These involve accidents that may have an impact on people as well as causing damage to loading units, transported goods, terminal and railway equipment and the environment.

In the area of administration and finance, the currency risks represent the greatest challenges. At least two internal audits are conducted each year in order to assess the Internal Control System (ICS).

For the purpose of evaluating and assessing risks, the Hupac Group takes the European Commission Implementing Regulation (EU) No. 402/2013 as its basis.



Dated 1.4.2019

TRAFFIC DEVELOPMENT

In 2018, the Hupac Group conveyed around 926,000 road consignments by rail, thus increasing its volume by 21.4%. This strong growth is partly attributable to one-off effects such as the recovery of traffic losses due to the Rhine Valley closure in 2017 and the acquisition of ERS Railways BV in June 2018.

Transalpine traffic through Switzerland also developed very positively. Compared to the previous year, Hupac Intermodal Ltd was able to transfer 67,000 additional road consignments to the eco-friendly railways, which corresponds to an increase of 14.4%. Almost half of this amount is attributable to the recovery of volume losses due to the seven-week closure of the Rhine line in August/September 2017. Adjusted for the Rastatt effect, the volume of transalpine traffic via Switzerland increased by approximately 8%. Growth was again driven by the semitrailer segment. These services are currently routed via the Simplon axis to the Novara terminal. The opening of the four-metre corridor via the Gotthard Base Tunnel and the connection of the Busto Arsizio-Gallarate terminal at the end of 2020 will create new opportunities for modal shift.

Shuttle Net Europe

In the Shuttle Net Europe business unit, the Benelux ⇆ Italy and northern Germany ⇆ Italy axes again recorded strong growth. The Zeebrugge ⇆ Novara, Hannover ⇆ Novara, as well as the Köln Nord ⇆ Busto connections were newly introduced. The commissioning of this new terminal made a significant contribution to increasing the attractiveness of the Rhine/Ruhr ⇆ Italy corridor.

On the axis south Germany ⇆ Italy there have been important changes in the traffic from/to Singen. After the closure of the Milano Smistamento terminal and the transfer of traffic to the Busto Arsizio-Gallarate terminal, a multiple departure system with night and day trains has been created. This attractive offer has enabled new market shares to be gained.

At the beginning of 2019, the Rhine-Main ⇆ Italy axis was strengthened with the introduction of a new daily train Karlsruhe ⇆ Domodossola/Busto Arsizio. Traffic on the Brenner line is stagnating due to congestion at the Verona terminal and the large number of trains that had to be cancelled for operational reasons. In general, the shortage of train drivers slowed down the growth potential considerably.

The import/export traffic was influenced in the first semester by the three-month strike in France and in the second semester by large resource problems of the trains via Germany. At least 10% of the volume was lost due to these operational problems. The low water season of the Rhine creates a potential demand that is to be exploited in 2019 with a better configuration of railway resources.

Traffic to/from Spain was affected by the three-month strike in France in the first half of the year. Significant potential growth will be achieved with the homologation of P386 semitrailers on the French route in 2019.

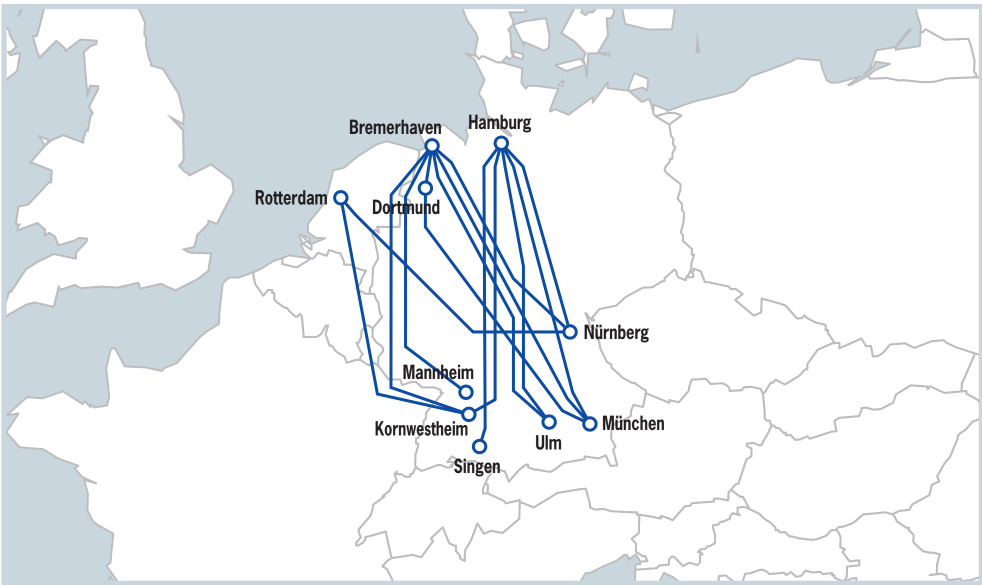
Thanks to strong demand, Hupac was able to further expand its offer on the Benelux/Germany ⇆ south-east Europe axis. In February, Hupac launched a new connection between Istanbul/Halkali and Duisburg. In September, Belgium was connected via the HTA Hupac Terminal Antwerp. In October, the company entered the Bulgarian market in the Stara Zagora economic region. Furthermore, a new direct connection between Duisburg and Oradea in western Romania was launched in November.

The Hupac network now covers the Benelux/Ruhr area with connections to all important destinations in south-east Europe: Antwerp, Rotterdam and Duisburg are connected with Vienna and Budapest with six weekly departures, Oradea, Ploiesti, Stara Zagora and Istanbul with two departures per week and Belgrade with one weekly departure.

In eastern Europe, the operating concept has been adapted with the aim of stabilising the punctuality and reliability of the traffic. Trains between Antwerp and Poland are now routed via Venlo/Emmerich in the Netherlands. The implementation of the concept of continuous traction with only one locomotive change has also contributed to improving quality. The measures introduced are proving successful and are helping to stabilise logistics and make more efficient use of resources.

In the year under review, the frequency of the Antwerp ⇆ Schwarzheide/Schkopau connection was increased. The trains run daily and connect Antwerp/Ludwigshafen and Duisburg. From Antwerp Combinant and Duisburg, three trains a week run to Poland with onward connections to Russia. The southern Polish market with connections between Katy and Slawkow via Schwarzheide from/to Antwerp, Ludwigshafen, Duisburg and Rotterdam is qualitatively stable and developing satisfactorily.

Maritime Logistics



Dated 1.4.2019

With the integration of ERS Railways BV in June 2018, the Hupac Group was able to significantly expand the Maritime Logistics business unit. The ERS Railways network comprises 44 roundtrips per week with a total annual volume of around 300,000 TEUs.

ERS Railways offers regular connections between the German seaports of Hamburg and Bremerhaven and the most important economic centres in southern Germany. The terminals in Nuremberg, Munich, Ulm and Kornwestheim also connect the border areas to the Czech Republic, Austria, Switzerland and France.

At the end of 2018, ERS Railways took over the Rotterdam ⇆ Kornwestheim connection operated by Hupac Maritime Logistics GmbH. A direct connection from Hamburg to Singen was established at the beginning of 2019. The expansion of the network in the direction of the western ports in synergy with Hupac Intermodal is in the development phase.

Intermodal Russia

Hupac has been active in Russia since 2011 with its own branch office. Intermodal Express LLC, based in Moscow, employs eight people. Its core tasks include the operational support of the Hupac Group's transport operations in Russia and the Baltic States as well as the acquisition and handling of transports in Russia and the CIS states on its own.

The Russian subsidiary Hupac LLC has a fleet of 220 flat wagons with a track width of 1520 mm for the Russian network. Thanks to its own resources, Hupac can guarantee its customers a high degree of flexibility and reliability. Traffic to the economic regions of southern Russia and Kazakhstan in particular developed positively. In the year under review, Azerbaijan, Turkmenistan and Kazakhstan were connected to the Hupac network via Baku.

Landbridge China

The incorporation of Hupac International Logistics (Shanghai) Co. Ltd in 2016 paved the way for the development of the Landbridge China segment of our offering. The range of services includes the forwarding of loading units both in national traffic and on transcontinental lines, including all additional services such as trucking and empty container handling.

Company Shuttle

Dated 1.4.2019

The Company Shuttle business unit also made a significant contribution to Hupac's traffic growth. Each week it handles 82 trains (previous year: 64) on behalf of individual transport companies. They assume the utilisation risk of the so-called "company shuttles" and transfer the organisation and operation of the trains to Hupac Intermodal as operator. Numerous customers use both the service Company Shuttle for their fixed large volumes and the service Shuttle Net Europe for smaller or sporadic volumes as well as for volume peaks.

In the year under review, Hupac was able to launch various new company shuttles. These include Lübeck ⇆ Novara with four roundtrips per week and Worms ⇆ Novara with three roundtrips per week.

At the beginning of 2019 Hupac Intermodal started another company shuttle between Wuppertal and Piacenza with four weekly roundtrips. Also planned for the first half of 2019 is an increase of departures of the shuttle Lübeck ⇆ Novara by a further two roundtrips per week.

PRODUCTION AND OPERATIONAL RESOURCES

Quality of railway production

In 2018, the quality of railway production continued to deteriorate. Less than half of Hupac Intermodal Ltd's trains arrived at the terminal within a time buffer of 60 minutes. Punctuality fell from 52% to 48% on the Luino line, from 78% to 54% on the Chiasso line and from 51% to 40% on the Domodossola line. Punctuality in non-transalpine traffic also developed negatively, falling from 56% to 48%.

The reasons for this downturn can be found at various levels. On the infrastructure side, construction works, technical defects and isolated capacity bottleneck are to be mentioned. On the part of the rail transport companies, the focus is on resource problems. Storm damage and strikes also contribute significantly to delays.

Hupac Intermodal's production department compensates for critical framework conditions by engaging intensively in control and coordination activities, twenty-four hours a day in close cooperation with customers. Traffic is planned and – especially in case of disruptions – implemented as well as possible in collaboration with rail partners and terminal operators.

- Numerous back-up compositions are ready for use as needed in order to ensure on-time service.
- Hupac invests in own reserves as a way of compensating for the shortage of resources. A pool of locomotives and drivers has been kept available for Hupac since the start of 2016. They are available when called up and can be deployed at any time to cope with bottlenecks.
- In liaison with its rail partners, Hupac seeks dialogue with the infrastructure operators in order to find market-compatible solutions in case of serious restrictions, for example by rescheduling construction time windows.

Thanks to these measures, it has been possible to compensate for the negative overall conditions at least in part, and to accommodate customers' requirements for continuity and reliability insofar as possible. Although the greatest efforts were made to adhere to schedules, some 3,000 trains had to be cancelled as a consequence of the disruptions.

As far as customers are concerned, Hupac Intermodal partially compensates for the irregularities by phased circulation of trains with frequent departures. Delays are hardly noticed in some cases if the trains are ready for pickup at night and the drivers only arrive at the terminal in the morning. But in terms of production, this situation frequently leads to losses of routes in the network, slots at the terminal and turnarounds of locomotives and wagons. These occurrences greatly reduce the competitiveness of combined transport, so Hupac is making vigorous efforts at every level to ensure that quality is improved. Crucial factors here are stable production concepts and functional contingency management.

Our traction partners

Over 95% of Hupac's transport is conducted in accordance with the principle of integrated international traction responsibility. Markets where the structures only partly allow this business model are an exception. In the year under review, the main freight carriers for Hupac Intermodal trains included SBB Cargo International, DB Cargo AG, Mercitalia Rail, BLS Cargo, Crossrail, Captrain, WLB Wiener Lokalbahnen, SNCF Fret, SNCB Logistics, Rotterdam Rail Feeding, NOI Nuovo Operatore Intermodale, LTE, Railtraxx and Rail Cargo Hungaria.

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

Hupac SpA's railway undertaking in Italy handles shunting operations in the Busto Arsizio-Gallarate terminal and wagon transport between the terminal and the workshops.

Our own fleet of wagons

At the end of 2018, the Hupac Group had a fleet of 6,890 rail platforms. This represents year-on-year growth of 16.0% compared to the previous year. Leased wagons accounted for 13.4% of the total rolling stock.

In the reporting year, 236 wagons worth EUR 22.3 million were delivered to Hupac Ltd. In addition, orders were received for 300 48-foot container flat wagons and 100 double pocket wagons type T3000. In cooperation with a Chinese manufacturer, two prototypes of six-axle 90-foot container flat wagons were developed and built, which, after homologation, will form the basis for a series order.

Wagon owners within the Hupac Group are Hupac Ltd and Hupac LLC. Wagon renters are Hupac Intermodal Ltd and ERS Railways BV.

Safe operations

One of Hupac's primary strategic goals is to ensure operational safety. Avoiding accidents at the terminals and on the railway lines, preventing or mitigating the consequences of operational disruptions and protecting the integrity of the loading units in its care are the company's overriding safety objectives.

Hupac supports the zero-error strategy of the rail system and applies a range of precautions and measures to reduce risks and increase safety. All vehicles, loading units and rail wagons are subject to systematic checks from departure to destination. The processes are agreed with the terminal and railway partners and periodically reviewed.

INFORMATION TECHNOLOGY AND DIGITAL TRANSFORMATION

Digitalisation offers enormous opportunities to enhance the competitiveness of intermodal transport. Capacity management, efficiency gains from new technologies and interaction with customers: these are crucial keywords on the Hupac Group's digitalisation agenda.

In the year under review, Hupac updated its digitalisation strategy and defined further measures to implement its vision of a customer-centred, efficient transport system.

OCR gate automation

Over the coming years, Hupac will equip its terminals with OCR portals so as to support automation of the check-in/check-out processes. Equipped with cameras and specific optical character recognition (OCR) software, these portals can read and store information about incoming loading units, trains and trucks. The first two portals to monitor incoming and outgoing trains were installed at the Busto Arsizio-Gallarate terminal in December 2017. After a test phase lasting several months, the system went into operation in spring 2018. The project will be completed by the end of 2019 with the construction of two roadside portals. The installation of OCR gates in the Antwerp terminal is planned.

WOLF Web Oriented Logistic Platform

WOLF is the new software platform that will gradually replace the Goal software. WOLF is web-based and device-independent. The customer module integrates customer-side processes such as bookings and tracking & tracing, and it also offers numerous additional functions such as driver authorisations, archiving of loading schemes and statistics. The TMS Transport Management System module was developed and launched in the year under review to handle door-to-door business in maritime and Chinese traffic. Further modules relate to terminal management and the Hupac Train Radar platform, on which Hupac will provide all information on train operations and the expected pick-up time of the units at the terminal.

SPEAK capacity management system

Hupac's digital strategy includes the introduction of an innovative capacity management system based on algorithms. The goals are an optimised network, an efficient planning process and improved utilisation of capacity with new customer services. The first phase of the project aims at optimising the wagon rotations wagon rotations on the basis of the circulation plan. After a test and training phase lasting several months, this module was introduced at the start of 2018. The objective for the second phase is demand-oriented optimisation of train loading. Go-live is planned for the first half of 2019.

ETA projects: Estimated Time of Arrival

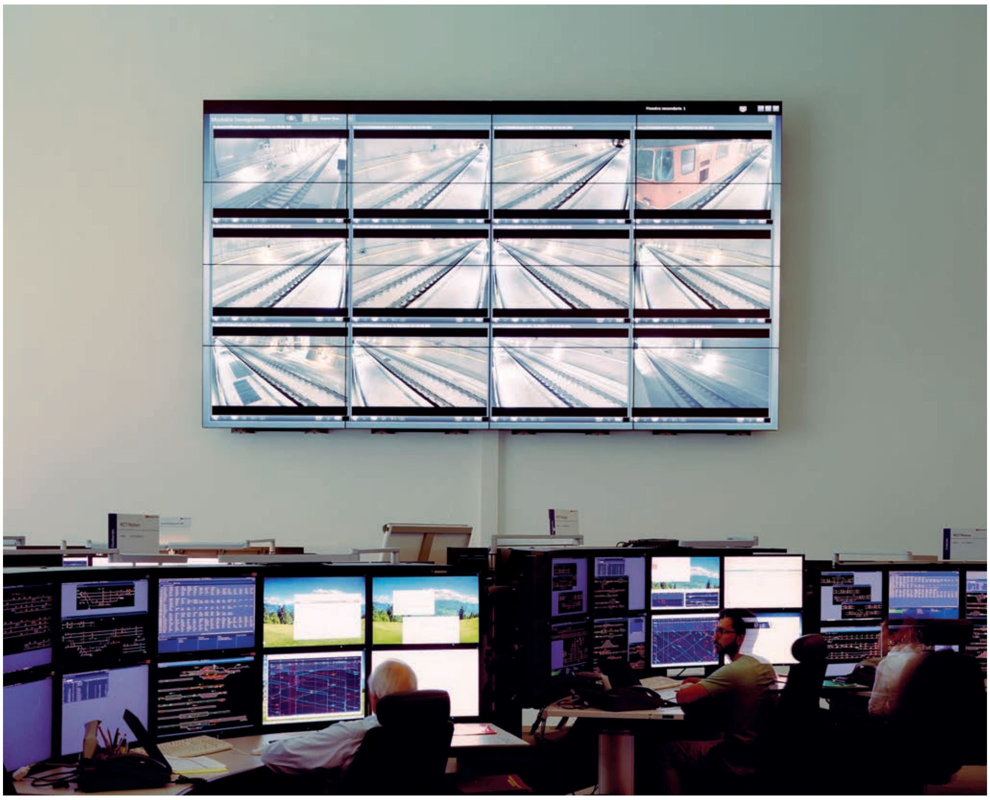
Hupac is making targeted investments to develop IT systems that will monitor train movements and provide information for customers. The objective is to exchange reliable information as early as possible with the partners in the logistics chain regarding the status of trains and their expected arrival times. Close collaboration with rail partners has already yielded some initial improvements. Hupac participates proactively in pilot projects within the sector aimed at achieving rapid success as regards the transparency and quality of information on train movements.

Intelligent wagons with sensors

The agenda also includes solutions for rolling stock monitoring and process optimisation. In future, all wagons will be fitted with sensors to increase safety and enable predictive maintenance. In the year under review, Hupac began to equip its trains with GPS systems in order to monitor the location of the wagons in real time.

Data integration with Ediges

Many customers and partners exchange their data with Hupac via XML using the Ediges (Electronic Data Interchange Goal with External Partners) system. In the year under review, various customers, railways and terminals were newly connected to the system. Over six million messages were exchanged with partners. In the current year, the Ediges consortium was founded with the aim to jointly develop the data exchange system as an industry standard.



TERMINAL MANAGEMENT

Top performance for road/rail transhipment

The transhipment terminals are an important component in the combined transport process chain. This is where the loading units start their journey by train and where they are picked up by truck in order to cover the last few kilometres on the road to their final destination.

The Hupac Group operates seven terminals in Switzerland, Italy, Germany and Belgium. The operating companies are Hupac Intermodal Ltd for the Aarau, Basle and Chiasso terminals, Hupac SpA for the Busto Arsizio-Gallarate terminal, TPI Terminal Piacenza Intermodal SpA for the Piacenza terminal, Hupac Intermodal BVBA for the Antwerp terminal and the Terminal Singen TSG GmbH joint venture company for the Singen terminal. About 250 employees of the Hupac Group work in the terminal sector. Every day, they load thousands of loading units onto rail wagons or trucks, and they manage arrivals and departures 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 key factors in successful terminal operation are the functional layout of the facility with its tracks, cranes, roads and parking lanes, together with efficient processes supported by IT. One of the greatest challenges is to adopt a flexible approach to dealing with the numerous irregularities in rail operation, with the goal of offering a reliable transport service to intermodal transport customers.

Safety is accorded top priority in the Hupac Group's terminals. Modern plants and equipments combined with rigorous conformance to specified measures and regulations guarantee the safety of employees, users and the environment.

Hupac's terminals are accessible without discrimination and are used by various operators. During the reporting year, these included companies such as Hupac Intermodal, Mercitalia Intermodal, Kombiverkehr, TX Logistik, TTS, GTS, and Codognotto.

The terminal business of the Hupac Group developed positively in the year under review. The traffic losses incurred in the previous year due to disruptions on the north-south axis were compensated.

Busto Arsizio-Gallarate terminal
With an area of 245,000 m² and 12 portal cranes, the Busto Arsizio-Gallarate terminal is one of Europe's largest transhipment facilities. 34 train pairs are loaded and unloaded every day on 13 crane tracks. Destinations include Germany, Switzerland, Italy, Spain, Benelux and Denmark. In the year under review, the transhipment volume was approximately 450,000 loading units, corresponding to an increase of 7% compared to the previous year.

Piacenza terminal
The Piacenza terminal was able to maintain its handling volume at an unchanged level of 107,000 loading units. The daily traffic volume is eight train pairs, and the main destinations are Italy, Germany, Belgium, Poland and Romania. The Piacenza terminal occupies an area of 45,000 m² and is equipped with five mobile cranes. Extensive plans to expand the terminal are on the agenda for the coming years.

Singen terminal
The Singen terminal, located in southern Germany, has two portal cranes and one reach stacker on an area of 50,000 m², it serves eight train pairs per day. The main destinations are Italy and the Ruhr region. In the year under review, the volume of traffic increased by 7% to 77,000 loading units.

Antwerp terminal
In 2018, the HTA Hupac Terminal of Antwerp was able to post 9% growth in volume. A total of 88,000 loading units were transhipped with three portal cranes on an area of 53,000 m². The traffic volume is 10 train pairs per day with numerous destinations in Italy and Switzerland.

Aarau terminal
The Aarau terminal is an important hub for Swiss import/export traffic with five trains per day to Germany, Italy, Benelux and Switzerland. In the year under review, the transhipment volume remained unchanged at 49,000 loading units. The Aarau terminal is equipped with three mobile cranes to handle the trains.

Basel Wolf terminal
The Basel Wolf terminal also handles Swiss import/export traffic with four trains per day to Benelux and Switzerland. On the terminal's area of 17,000 m², 38,000 loading units were transhipped in the year under review, which corresponds to an increase of 3%.

Chiasso terminal
Each day, two trains to Aarau and Basle are processed at the Chiasso terminal. In 2018, the volume was increased by 13% to 8,000 loading units.

DEVELOPMENT OF OPERATIVE SHAREHOLDINGS

SBB Cargo International Ltd, Olten
Since the start of 2011, Hupac has held a minority interest of 25% in the Swiss carrier for international block-trains and combined transport on the north-south axis. Through the integration of private-sector logistical know-how, SBB Cargo International is establishing itself as strong, lean freight railway. This stimulates the market and creates additional incentives for modal shift.

boxXpress GmbH, Hamburg
Through its subsidiary ERS Railways BV, the Hupac Group holds a 47% stake in the railway undertaking boxXpress since June 2018. The Hamburg-based company owns 27 locomotives and 800 container wagons and provides transports between the German seaports and the most important 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's capital holding remained unchanged at 34.48%.

RAlpin Ltd, Olten
In conjunction with SBB, BLS and Trenitalia, Hupac is a partner of the company established in 2001 to operate accompanied combined transport through Switzerland. At the end of the year under review, its capital share remained unchanged at 33.11%. Hupac handles many tasks on behalf of RAlpin, such as customer service, dispatching and invoicing for the Rolling Highway. In addition, Hupac performs agency services in the Novara terminal through its subsidiary Fidia. In the year under review, Hupac Ltd rented 425 low-loader wagons and eight sleeping cars to RAlpin.

Terminal Singen TSG GmbH, Singen
The joint venture company Terminal Singen TSG GmbH, which was established in 1999, operates the Singen terminal. Approximately 60 trains travel via this hub every week.

Combinant NV, Antwerp
Hupac holds a share of 35% in the Combinant NV terminal operator which was founded in 2009. The other partners are BASF and Hoyer. In the year under review, Hupac handled 70 trains per week via the Combinant terminal.

KTL Kombi-Terminal Ludwigshafen GmbH, Ludwigshafen
Hupac has held a share of 15% in the operator of the Ludwigshafen combined transport terminal since 2005. In Hupac's network, the KTL acts as a central hub for the grouping of shipments between Germany, Italy, Belgium and Poland. Around 100 Hupac trains run via the hub each 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 16 trains per week via this terminal.

RSC Rail Service Center, Rotterdam
In December 2014, Hupac acquired a 16.33% interest in the RSC terminal in Rotterdam. Hupac handles 110 weekly departures via the RSC terminal.

RTC Rail Terminal Chemelot, Geleen
In April 2018, Hupac acquired a 40% stake in RTC Rail Terminal Chemelot. Hupac handles 16 trains per week via this terminal in the south of the Netherlands (Limburg).

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

ENVIRONMENTAL PERFORMANCE

In the year under review, the shift of freight transport from the roads to the Hupac transport network saved around 1.1 million tonnes of CO_2 and around 12.6 billion megajoules of energy compared to pure road transport, according to the environmental calculator of www.ecotransit.org.

Hupac is also committed to eco-friendly action in its own field of activity, supported by its ISO 14001 environmental management system. Transhipment and shunting operations at the terminals, fleet management and administration are the main fields.

Protection against accidents with harmful effects on the environment

Hupac's production is organised in such a way from an infrastructure and organisation perspective that the risk of an accident with consequences for people and the environment is as low as possible. The measures applied comply with and in many cases exceed the requirements of the valid provisions.

In the rolling stock sector, Hupac emphasises a concept of preventative maintenance. All rail wagons undergo various testing and maintenance steps at defined intervals. This means that safe circulation of the rolling stock is ensured.

Prevention is also the guiding principle in the terminal sector. The Goal operating software is equipped with control functions that prevent misloading of the train. In this way, risks for rail traffic are effectively prevented.

The terminals of the Hupac Group have a range of active and passive safety measures:
- sealing of the floor to protect the ground water
- lockable waste water system: in the event of a loss of harmful materials during a rainfall, the soiled water is directed to a retention basin to separate it from the remaining water.
- safe operation in the handling area through electric portal cranes.

The Busto Arsizio-Gallarate terminal is designed to handle a high volume and has additional preventive safety devices, such as an electronic signal and operating/control equipment for internal rail traffic and a centralised electronic control of all safety equipment.

In every sector, Hupac emphasises the human factor. Employees are regularly made aware of and trained in safety issues in order to recognise risks at the workplace and deal with them effectively.

Transportation of hazardous materials

Hazardous goods are an important part of our economy and an indispensable element of many areas of everyday life. Basic commodities for industrial production, heating oil, fuel, medical gases, and pesticides – all of these goods may only be transported if certain safety precautions are observed.

Rail is particularly suitable for the transportation of hazardous materials. In combined transport, road hauliers, combined transport operators and railway companies apply standard safety regulations and procedures, achieving a high level of safety thanks to this close cooperation.

Hupac takes great care in its handling of this transport segment, which accounts for 16.8% of the volume in its network. The company's own centralised service, headed by an hazardous goods compliance advisor, appointed and trained according to the provisions of Directive 96/35/EC, implements the appropriate regulations in all areas of the Group, advises customers and trains the staff.

Hupac's hazardous material management system stipulates that all accidents and incidents are precisely recorded and assessed. In the year under review there were no accidents involving hazardous materials that caused damage to people or property. This means that Hupac's operations with hazardous materials have been free of accidents for decades.

Incidents are defined as minor irregularities that can usually be rectified by the transport companies' specialists, such as leaking containers with odour formation or drops of escaping liquid. Potential irregularities are detected, recorded and assessed during numerous inspections.

In the year under review, the number of irregularities remained more or less constant. 72 incidents were reported at the terminals (previous year: 79) and 42 on the rail network (previous year: 20).

Noise abatement of freight wagons

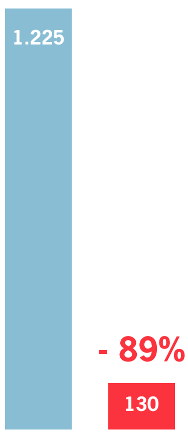
Hupac's entire wagon fleet has been low-noise since the end of 2016. Procurement of new wagons with low-noise K-pad brakes began in 2001. This makes Hupac one of the first operators to deploy the K-pad technology on this scale. It is not only the company's new wagons that run silently: about 800 existing wagons with grey cast iron brake blocks have also been retrofitted with K-pads at considerable expense and effort. The different friction coefficients for grey cast iron blocks and K-pads made it necessary to reconstruct the brakes. This reconstruction work, financed by the FinöV fund for noise refurbishment (Public Transport Financial Fund), was completed by the end of 2015.

Any further wagon-related reduction of the noise level to below 80 dB(A) can only be achieved through the deployment of alternative braking systems such as disc brakes. A further 200 wagon modules with disc brakes were ordered in 2018 and will be delivered in 2019.

Environmental performance of Hupac's intermodal network

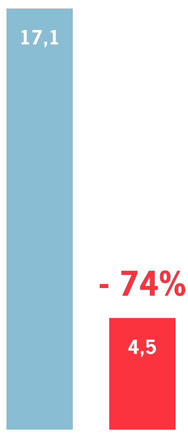
CO_2-emissions
Gross tonnes in 1000

Hupac traffic
For comparison: road



Energy consumption
in billion megajoules

Hupac traffic
For comparison: road



www.ecotransit.org

EMPLOYEES

Composition

At the end of 2018, the Hupac Group employed 515 members of staff as full-time equivalents (previous year: 455) or 526 natural persons (previous year: 470). These individuals were distributed as follows: 216 at Hupac Intermodal in Switzerland, 248 at the subsidiaries in Italy and 62 at the branches in Germany, the Netherlands, Belgium, Poland, Russia and China. The quota of women amounted to 19%. Average seniority decreased slightly to 10.3 years.

Training

Numerous coaching and training courses were held in the year under review. Internal foreign language courses and trainings on safety and rolling stock took place in Chiasso and Busto Arsizio. Other training courses covered IT applications and administrative processes, while a number of employees attended external courses for special training requirements.

Hupac places great importance on practice-oriented education and training so that employees are made aware of the operational value creation processes. They are trained for practical, operational tasks and can be deployed flexibly. During the year covered by the report, nine employees participated in job-rotation schemes, spending time in branches and subsidiaries.

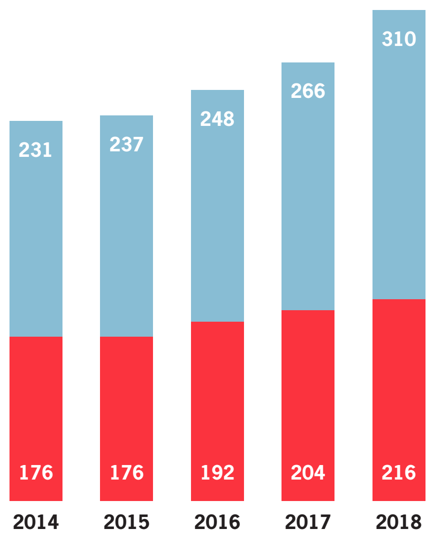
In 2018, Hupac Intermodal trained seven apprentices as commercial employees.

Internal communications

In the year under review, Hupac intensified its internal communications in order to provide all staff with constant, first-hand information about the market, the company's situation and the measures taken. In the course of the year, the senior management organised several meetings with the staff in all subsidiaries.

Workforce of the Hupac Group
Number of employees (natural persons)

Other countries
Switzerland



MODAL SHIFT POLICY

Responsibility for the mobility of the future

Hupac's focus is on unaccompanied transalpine transport across Switzerland which is strongly affected by the Swiss transport policy, whose constitutional objective is the modal shift of transalpine traffic from road to rail.

In 2018, Hupac achieved a volume of 535,700 road consignments with 10.3 million net tonnes in the segment of transalpine traffic through Switzerland alone, thus confirming its role as an important player in the modal shift of traffic. In the years to come, the company will further reinforce its position by continuing to develop new infrastructures, thus supporting the Swiss modal shift policy based on sustainability.

Public subsidies

The Swiss Federation has envisaged a series of measures to support modal shift from road to rail. On one hand, revenues originating from the fuel tax provide funds to finance terminal infrastructures, given the fact that investments in transhipment equipment cannot guarantee profitability when financed by capital markets. And on the other hand, intermodal transport operators, particularly in transalpine traffic, are unable to cover the costs in full by using their income. Based on a range of laws and decrees, the Swiss Government guarantees financial support to the providers of intermodal transport.

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 are already complete:
- Busto Arsizio terminal
- Gallarate connection sidings
- Singen terminal
- extension of the Busto Arsizio terminal into the municipal territories of Gallarate
- HTA Hupac Terminal Antwerp
- completion of the Busto Arsizio-Gallarate terminal (as per final accounts of 2012).

The Hupac Group will have to repay a considerable part of these subsidies, amounting between 2018 and 2040 to around CHF 50.7 million. In the same period, estimated interest of around CHF 1.7 million will be payable to the Swiss Government (see table).

Additional terminal projects are in the planning phase. These relate to locations in Brescia, Piacenza, Milano Smistamento and Basel Nord.

In terms of operating subsidies, the Swiss Government applies a degressive model. The intention is to shift increasing amounts of traffic onto rail with slightly decreasing funds. Operating contributions per road shipment in transalpine traffic through Switzerland decreased by 4.4% in 2018 compared to 2017.

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

Amounts in 1000 CHF

Years	2018	2019-2026	2027-2030	2031-2035	2036-2040	2018-2040 Total
Loan repayment	3,605	3,605 - 3,605	2,559 - 2,562	1,470 - 1,551	65	50,689
Interest	225	59 - 262	5 - 37			1,679
Total	3,830	3,664 - 3,867	2,564 - 2,599	1,470 - 1,551	65	52,368


LABELS HER
7

FINANCIAL STATEMENT

CONSOLIDATED FINANCIAL STATEMENT

Consolidated income statement 2018 and 2017

Amounts in 1 000 CHF	2018	2017
Net income from supplies and services	579 723	485 570
Other income	73 675	66 817
Cost of the services	-531 166	-447 262
Gross profit	122 232	105 125
Payroll expenses	-43 150	-37 537
Other operating expenses	-15 423	-13 600
Depreciations and value adjustments	-52 015	-44 332
Operating result before financial positions	11 644	9 656
Financial income	273	115
Dividend income	0	140
Financial expenses	-2 176	-1 859
Result from associates	663	1 841
Foreign exchange differences	-201	2 873
Ordinary operating result	10 203	12 766
Non-operating income	125	192
Non-operating expenses	-994	-22
Extraordinary income	730	2 181
Gain from disposal of fixed assets	265	124
Gain from investments	1 905	0
Extraordinary expenses	-136	-265
Loss from disposal of fixed assets	-177	-12
Loss from investments	0	0
Dissolution of provisions	0	112
Annual result before taxes	11 921	15 076
Direct taxes	-3 916	-3 839
Annual result	8 005	11 237
Minority interest	-119	-110
Annual result of the Group	7 886	11 127

Consolidated balance sheet at 31 December 2018 and 2017

Amounts in 1 000 CHF	31.12.2018	31.12.2017
ASSETS		
Cash and cash equivalents	62 117	54 550
Receivables from supplies and services	72 886	68 515
- third parties	61 341	53 641
- shareholders	11 545	14 874
Other short-term receivables	21 112	16 422
- third parties	21 112	16 422
Stocks and services not invoiced	12 430	7 051
- stocks	3 315	3 438
- services not invoiced	9 115	3 613
Accrued income	30 215	25 740
Total current assets	198 760	172 278
Financial fixed assets	68	53
- Long-term receivables from third parties	57	47
- Other financial fixed assets	11	6
Investments	44 205	43 648
Tangible fixed assets	238 945	209 521
- Advances to suppliers	13 325	18 812
- Technical equipment	13 480	14 849
- Rolling stock	106 179	63 126
- Plants on third parties' lands	8 543	9 449
- Terminals, buildings and land	91 290	97 581
- Other tangible fixed assets	6 128	5 704
Intangible fixed assets	18 660	12 906
Deferred tax assets	1 016	1 289
Total fixed assets	302 894	267 417
Total assets	501 654	439 695

Amounts in 1 000 CHF	31.12.2018	31.12.2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Account payables from supplies and services	58 236	44 168
- third parties	58 161	43 994
- shareholders	75	174
Onerous short-term debts	7 083	876
- third parties	7 083	876
Other short-term debts	7 433	3 675
- third parties	7 433	3 675
Accrued expenses	55 728	59 665
Short-term provisions	387	155
Total short-term liabilities	128 867	108 539
Onerous long-term debts	87 335	64 571
- third parties	87 335	64 571
Other long-term debts	51 096	56 078
- third parties	51 096	56 078
Long-term provisions	120 640	98 391
Deferred tax liabilities	2 032	1 893
Total long-term liabilities	261 103	220 933
Total liabilities	389 970	329 472
Minority interests	558	1 033
Share capital	20 000	20 000
Statutory capital reserves	16 238	16 863
Statutory retained earnings	54 043	53 084
Voluntary retained earnings	38 075	32 474
Translation difference	-15 405	-11 163
Treasury shares	-1 825	-2 068
Total shareholders' equity	111 126	109 190
Total liabilities and shareholders' equity	501 654	439 695

Notes to the consolidated income statement 2018

In financial year 2018, the Hupac Group's *Net income from supplies and services* increased considerably compared to the previous year in a good economic environment. Thanks to organic growth, the acquisition of ERS Railways BV and the absence of the negative special effect of Rastatt in the prior year, sales increased by 19.4% to CHF 579.7 million.

The *Other income* position, which includes government financial support, increased by 10.3% over 2017 due to the significant volume growth.

The increase in the *Cost of the services* provided was slightly lower than the growth in sales and was 18.8% higher than in the previous year. This resulted in a higher *Gross profit* of CHF 122.2 million in the year under review with a slightly lower gross margin.

Payroll expenses increased by 15.0% due to the acquisition of ERS Railways BV in Hamburg and newly created positions because of growth and investments in further professional competencies. The situation was similar for *Other operating expenses*, which rose by 13.4%. Due to the higher sales growth of 19.4%, productivity could be increased comparatively.

Acquisitions in the reporting year and in the prior year as well as the increased investments resulted in scheduled depreciation and value adjustment increased by CHF 7.7 million.

Thus, with an ordinary *Operating result before financial positions* of CHF 11.6 million and an increase of 20.6% over the previous year, an extremely satisfactory result was achieved.

At CHF -1.4 million, the financial result, excluding the sale of an investment, was CHF 4.5 million more negative than in the previous year, where a profit of CHF 3.1 million was achieved, mainly due to *Foreign exchange differences* of CHF 2.9 million and significantly better results from associated companies. The decline in the *Ordinary operating result* from CHF 12.8 million in the previous year to CHF 10.2 million in 2018 is therefore mainly attributable to the absence of currency gains and a decline in the result of individual minority participations.

While *Extraordinary income* and other exceptional items had made a positive contribution of CHF 2.3 million to the result in the financial year 2017, this figure was slightly lower in 2018 at CHF 1.7 million, including the gain of CHF 1.9 million from the sale of a participation. This meant that the *Annual result of the Group* after *Direct taxes* and deduction of minority interests fell by 29.1% to CHF 7.9 million.

Consolidated cash-flow statement 2018 and 2017

Amounts in 1 000 CHF	2018	2017
Annual result of the Group	7 886	11 127
Depreciation of tangible assets	35 162	30 275
Depreciation of intangible assets	3 958	1 056
Change in value of investments	588	-651
Variation of provisions	22 694	14 743
Other non monetary items	206	-3 414
Net result from sale of tangible assets	-88	-112
Net result from sale of investments	-1 905	0
Income from associated companies	-663	-1 841
Minority interests	-386	512
Variation of inventories	58	-96
Variation of short-term receivables	-19 710	-18 616
Variation of short-term liabilities	12 159	15 772
Cash flows from operating activities	59 959	48 755
Purchase of tangible assets	-71 326	-57 200
Proceeds from sale of tangible assets	1 232	137
Purchase of intangible assets	-9 751	-10 759
Proceeds from sale of intangible assets	0	1
Purchase of investments	-7 238	0
Proceeds from sale of investments	7 295	0
Cash flows from investing activities	-79 788	-67 821
Variation of financial receivables	144	-389
Variation of financial loans	29 451	-1 802
Treasury shares	243	506
Dividends payment	-1 560	-3 129
Cash flows from financing activities	28 278	-4 814
Variation	8 449	-23 880
Cash at beginning of the year	54 550	76 585
Foreign exchange differences on cash	-882	1 845
Cash at end of the year	62 117	54 550

Notes to the consolidated financial statements 2018

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

The following companies were fully consolidated:

Company		Share or company capital	Interests as % 31.12.2018	31.12.2017
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, Milan	EUR	550 000	97.00	97.00
Centro Intermodale SpA, Milan	EUR	4 480 000	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, Moscow	RUB	3 000 000	75.00	75.00
Sub-interests of Intermodal Express LLC, Moscow: - Hupac LLC, Moscow	RUB	60 000 000	2.00	2.00
Hupac LLC, Moscow	RUB	60 000 000	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
Hupac Maritime Logistics GmbH, Duisburg	EUR	200 000	100.00	100.00
Piacenza Intermodale Srl, Piacenza	EUR	6 720 000	100.00	94.07
ERS Railways BV, Rotterdam	EUR	49 000	100.00	-

The following companies were consolidated using the equity method:

Company	Registered in	Interests as % 31.12.2018	31.12.2017
Mercitalia Intermodal SpA	Milan (Italy)	34.48	34.48
Terminal Alptransit Srl	Milan (Italy)	42.00	50.00
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	Basle (Switzerland)	24.50	24.50
Kombi-Terminal Düsseldorf GmbH	Düsseldorf (Germany)	33.33	33.33
Rail Terminal Chemelot (RTC) BV	Geleen (Olanda)	40.00	-
boxXpress GmbH	Hamburg (Germany)	47.00	-

2018 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 50%, 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. Equity method is also used for joint ventures. 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.

Equity method consolidation is used for the 50% interest in Terminal Singen TSG.

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

Table of currency conversion

	Balance sheet		Income statement	
	31.12.2018	31.12.2017	2018	2017
CHF/EUR	1.12605	1.16905	1.15470	1.11140
CHF/RUB	0.01417	0.01690	0.015643	0.016895
CHF/PLN	0.26197	0.28030	0.271031	0.261087
CHF/CNY	0.14321	0.14900	0.149730	0.145871

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 2017	20 000	94 751	-2 574	-18 229	93 948	473
Translation differences				5 168	5 168	47
Translation differences of associated companies				1 898	1 898	
Net equity adjustment		-328			-328	402
Movements of treasury shares			506		506	
Parent company dividend		-3 129			-3 129	
Consolidated profits 2017		11 127			11 127	111
Balance at 31 December 2017	20 000	102 421	-2 068	-11 163	109 190	1 033
Translation differences				-3 272	-3 272	-89
Translation differences of associated companies				-970	-970	
Net equity adjustment		-392			-392	-505
Movements of treasury shares			243		243	
Parent company dividend		-1 559			-1 559	
Consolidated profits 2018		7 886			7 886	119
Balance at 31 December 2018	20 000	108 356	-1 825	-15 405	111 126	558

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.

Treasury shares

Registered shares	2018	2017
Initial holdings on 01.01.	503	630
- Purchase	23	56
- Sale	-64	-183
Final holdings on 31.12.	462	503

The transactions were conducted on market-based condition.

	2018	2017
Personnel - average number of full-time equivalents	504	442

Derivative instruments - As at 31.12.2018

Amounts in CHF	Contract volume as at 31.12.2018	Fair values as at 31.12.2018	Fair values as at 31.12.2017
Transactions interest rate swap			
Zürcher Kantonalbank 10.4.2012-14.4.2020, 0.825%	5 000 000	-118 300	-177 790
Credit Suisse 19.1.2015-19.1.2022, 1.46%	20 000 000	-1 356 530	-1 602 474
Total	25 000 000	-1 474 830	-1 780 264

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	31.12.2018	31.12.2017
Extraordinary expenses	136	265
The most significant items are: 2018: Compensation for damages and unforeseen costs. 2017: Other tax and spare parts taken from the inventory in 2009 were not invoiced by mistake. The stock variation was expensed.		
Extraordinary income	730	2 181
The most significant items are: 2018: Reimbursement from bankruptcy proceedings Cosmef, reimbursement of other tax and insurances costs 2017: Reimbursement of tax and other tax		
Other information in accordance with legal requirements		
Debts from leasing obligations with remaining duration of more than twelve months from the balance sheet date	300	38
Debts towards personnel foundations	581	579
Total amount of collateral pledged for liabilities of third parties	13 715	6 908
Pledges on assets to secure own liabilities	59 954	64 703
Onerous long-term debts		
- 1 - 5 years	33 869	44 676
- > 5 years	53 466	15 472
Auditor's fees		
Audit services	138	130

Report of the statutory auditor to the General Meeting on the consolidated financial statements 2018

As statutory auditor, we have audited the consolidated financial statements of Hupac Ltd, which comprise the balance sheet, income statement, cash flow statement and notes (pages 34 to 40), for the year ended 31 December 2018.

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 2018 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 Ltd

Elisa Alfieri
Licensed audit expert
(Auditor in charge)

Michele Balestra
Licensed audit expert

Lugano, 16 April 2019

Project “Art book on the world of Hupac”

In summer 2016, the photographer Gian Paolo Minelli, who comes from Chiasso, devoted his creative vein to the activity of Hupac. Cranes, containers, railway wagons and tracks are captured by the artist’s lens and become the object of an aesthetic vision that groups man and space, form and purpose, technology and society, placing them in a deep, meaningful dimension.

The book “Variations on a theme” was released in September 2017, year of Hupac’s 50th anniversary. In this Annual Report there are some images of this photo album.

Gian Paolo Minelli was born in Geneva in 1968 and lives between Buenos Aires and Chiasso. His works are exhibited all over the world. Minelli was given the “Swiss Art Award” in 2008.
www.gianpaolominelli.com

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