ANNUAL REPORT 2019

HUPAC

1 million
truck consignments

In 2020 the Hupac Group shifted more than 1 million truck consignments from road to rail. The demand for eco-friendly logistics solutions by rail is constantly increasing. Hupac is therefore expanding its range of services in a market-oriented manner – via Switzerland, in Europe and beyond. With its long-term investment and growth strategy, Hupac supports Europe's climate- and eco-friendly modal shift policy.

1 million road consignments

150 trains per day

7300 rail platforms

540 employees

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 150 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 7,300 rail platforms at command and operate efficient terminals at important hubs.

The Hupac Group comprises 22 companies with locations in Switzerland, Italy, Germany, the Netherlands, Belgium, Poland, Russia and China, and counts 540 employees in full-time equivalent.

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, with its organisational areas West, Northeast and Southeast 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.

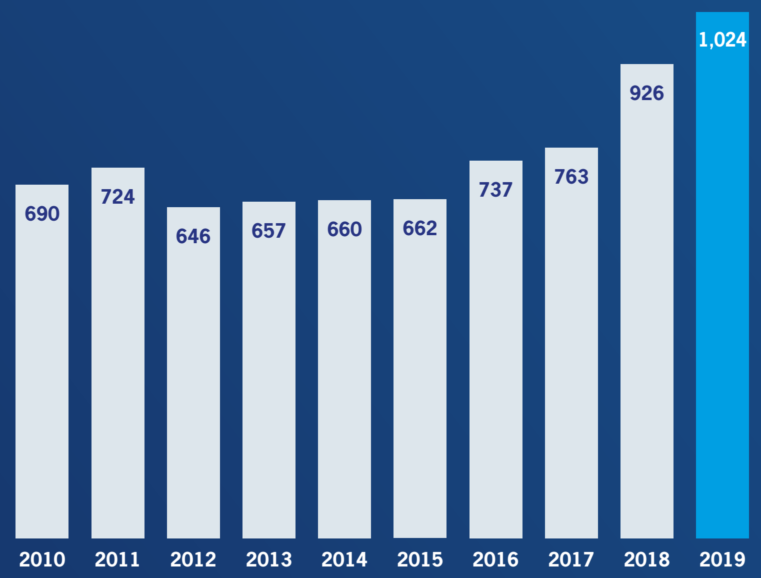
Intermodal Russia
The Intermodal Russia business segment organises intermodal transport in Russia and the CIS countries. Own rolling stock for the Russian broad gauge guarantees reliability and independence.

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

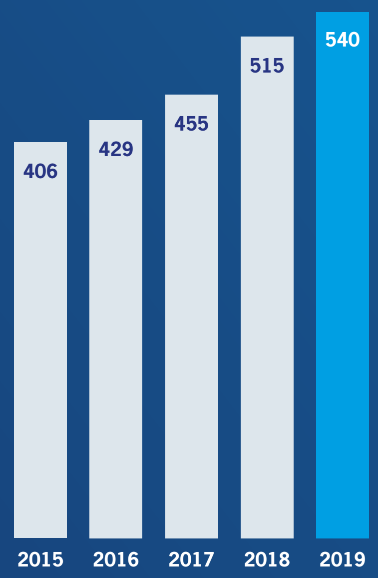
Company Shuttle
The Company Shuttle business unit serves major customers who charter entire trains and thus secure capacity at attractive prices.

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

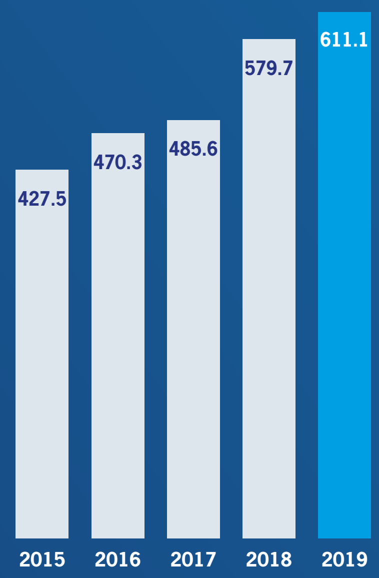
Traffic volume
Road consignments in 1000



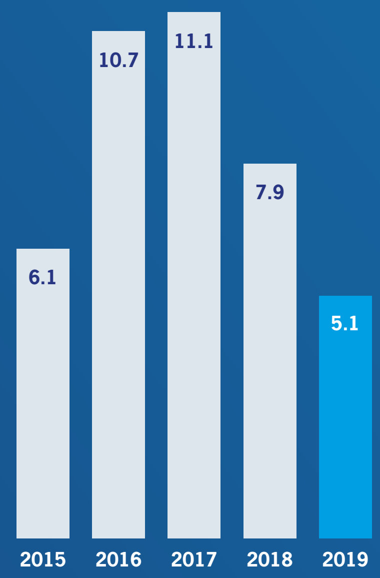
Employees
Number of persons in full time equivalent



Annual turnover
in million CHF



Profit for the year
in million CHF



Facts & figures

Year of incorporation
1967

Share capital
CHF 20 million

Shareholders
around 100

Headquarters
Chiasso

Capital structure
72% transport and logistics companies
28% railway companies

Operational branches
Basel, Baden, Aarau, Busto Arsizio, Piacenza, Pordenone, Singen, Cologne, Hamburg, Rotterdam, Antwerp, Warsaw, Moscow, Shanghai

Traffic volume
1,024,089 road consignments – 1,897,000 TEU

Employees
540 persons in full time equivalent

Rolling stock
7,297 rail platforms
21 main-line and/or shunting locomotives

Information technology
- 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 611.1 million (EUR 549.2 million)
- Profit for the year CHF 5.1 million (EUR 4.6 million)
- EBITDA CHF 55.4 million (EUR 49.8 million)
- Operating cash flow CHF 32.1 million (EUR 28.8 million)

Dated 31.12.2019

EDITORIAL

"In times of crisis, the importance of **experienced and committed employees** becomes particularly evident. The Board of Directors thanks all employees for their great commitment in the Corona crisis."

In the financial year just ended, the Hupac Group transferred more than one million truck consignments from road to rail for the first time in its history. Despite relatively moderate economic growth, Hupac was able to increase the number of combined transport consignments by 10.5% to 1,024,089 road consignments and Group sales by 5.4% to CHF 611 million. The growth was partly due to the acquisition of ERS Railways in June 2018, which last year was consolidated in the Hupac Group for a full year for the first time.

The Hupac Group gains market share

While the first half of 2019 was still relatively strong in terms of growth, demand in the second half of the year was rather limited due to the weakening of the economy in Europe. In 2019 the Hupac Group again managed to gain market share. This both in the core market of transalpine transport and in the non-transalpine markets, as well as in inland maritime container transport, which, thanks to the successful integration of ERS, is now an important pillar of Hupac's activities.

The 2019 financial year's result could not keep pace with revenue performance due to the slowdown in the economy, the strong Swiss franc and the reduction in subsidies. Although EBITDA increased by 4.6% or CHF 55.4 million, the operating result of CHF 5.1 million was 35% or CHF 2.8 million lower than the previous year. The factors that contributed were negative currency effects of CHF 1.0 million in 2019 and an extraordinary capital gain of CHF 1.9 million from the sale of an investment in 2018.

Investments in terminals, rolling stock and IT secure the future

In 2019 the Hupac Group has again invested significantly in the future. The investment sum of CHF 75 million reflects our long-term growth strategy. CHF 32 million of this amount has been invested in rolling stock. At the end of 2019 the Hupac Group operated a fleet of 7,297 wagon modules. This corresponds to an increase of 5.9% compared to the previous year. In addition, Hupac uses 21 own mainline and shunting locomotives.

A central focus in 2019 was the investment in transhipment terminals in Italy, the Netherlands, Germany and Poland, which amounted to CHF 38 million. Terminals are today the Hupac Group's central strategic investments. In many regions of Europe they are the bottleneck for the further shift of transports over long distances from road to rail.

In addition to the new facilities in Milano Smistamento, Piacenza and Brescia to be developed in collaboration with Mercitalia Logistics, Hupac was able to take over the majority of the terminal company CIM SpA Interporto Novara in October 2019. Last year Hupac also acquired the majority of the terminal company Geleen RTC (near Maastricht). In addition, in summer 2019 Hupac was able to conclude letters of intent for participation in the construction of new terminals on the European part of the Silk Road in the former coal port of Duisburg and in Minsk (Belarus).

Motivated and long-time employees

At the end of 2019 the Hupac Group had 557 employees, an increase of 31. Of these, 227 people are employed in Switzerland, 256 in the various branches in Italy and 74 in Germany, Belgium, Holland, Poland, Russia and China. The percentage of women is 21%. The average length of service of almost 11 years is a good indicator of employee motivation in their daily commitment to eco-friendly transport concepts in Europe and beyond.

The importance of experienced and committed employees is particularly evident in times of crisis. In the COVID-19 crisis, employees reorganized important processes within a short time. The necessary social distancing and the hygiene and safety measures were effectively implemented through home office and a reorganisation of terminal handling. At the same time, they ensured that the services offered to customers continued to function perfectly. In addition, politics and institutions were made aware that Hupac's infrastructure is systemically relevant and must not be closed in a lockdown.

The Board of Directors thanks the Executive Board and all employees for their great commitment in overcoming the crisis. Thanks to the extraordinary commitment of the employees, Hupac was able to gain market share during the crisis.

Switzerland's relocation policy requires subsidies until 2030

Transalpine combined transport through Switzerland is significantly influenced by Swiss transport policy, whose constitutionally anchored goal is to shift transalpine transit traffic from road to rail. With a transport volume of 10.5 million net tonnes of goods in combined transport through Switzerland, Hupac is – together with other operators – an important player in modal shift. Hupac supports Switzerland's sustainable modal shift policy, among other things, with the targeted construction of terminal infrastructures abroad for these transport potentials.

Swiss transport policy supports the transalpine modal shift of heavy goods traffic with operating contributions to all operators. With the expansion of the flat rail corridor through Switzerland, these contributions should expire in 2023. As the current access infrastructure, especially in Germany, will not allow the targeted productivity increases from 2024 onwards, Hupac, together with the entire Swiss transport industry, presented its ideas to the public at the end of 2019 for an extension of the operating contributions until 2030 to about half the current level. At the beginning of 2020, the National Council gave its very clear approval to this funding framework; the decision of the Council of States (second chamber) is still pending.

Challenges 2020

The current year is putting combined transport to a severe test. At the end of February, the COVID-19 crisis hit Northern Italy – and thus our most important source and destination market – as the first country in Europe with great severity. Hupac reacted immediately and adopted all necessary measures to protect its employees and customers. With the introduction of contactless processes in the terminals in Italy, Hupac has done pioneering work, which has subsequently also benefited the terminals in Northern Europe.

While initially the traffic volume in Hupac's network remained high, in April volumes fell to minus 40% due to the lockdown in all European markets. Hupac subsequently introduced short-time working. The course of business in recent weeks was more or less in line with our COVID-19 crisis plan. The company is financially healthy and has secured additional financial liquidity through its banks in view of a longer-term crisis scenario. Hupac expects a gradual recovery of transport volumes throughout Europe in the second half of 2020.

At the beginning of the crisis, Hupac was committed to ensuring that the authorities recognised rail freight transport and the terminals both nationally and internationally as systemically important elements. We also drew attention to the importance of not closing down these major infrastructures in the event of regional emergencies, such as those that partly occurred in northern Italy. This contributed to the fact that Hupac's offer was always open, even during the phase of national border closures. As a result, customer confidence in combined transport – after various crises in previous years such as Rastatt – has improved significantly in the meantime.

The Board of Directors and the Executive Board assess the prospects for the period after overcoming the COVID-19 crisis as positive. The finalization of the 4-meter corridor on the Gotthard axis after completion of the construction work for the Ceneri Base Tunnel and the Bözberg Tunnel creates positive conditions for further developing the trailer segment.

At the same time, Hupac is further developing the available terminal capacities in the south a nd north, thereby supporting the climate and eco-friendly transfer policy of Europe and Switzerland. This creates very good opportunities for a further growth phase of combined transport in our core business through the Swiss Alps. But we also see exciting opportunities in maritime hinterland transport, with the non-transalpine Shuttle Net and in the Russian and Silk Road transports, to increase sustainable intermodal rail transport in close cooperation with customers.

Change of baton at the head of Hupac

In the current year we are taking another important step for the future of our more than 50-year-old company. In mid-June the Board of Directors will transfer the overall management of the Hupac Group to Michail Stahlhut. During his two-year transition period as managing director of the operating subsidiary Hupac Intermodal and deputy director of Hupac Ltd, he was able to familiarise quickly with the business and successfully contribute his expertise as former railway manager.

Beni Kunz, who has had top management responsibility since 2004, will continue to make his unique wealth of experience available to Hupac. From the middle of the year he will support the company in strategic projects as a member of the Board of Directors. Already today I would like to thank Beni Kunz for his untiring commitment, his strategic foresight and his countless successes in crisis management. I wish Michail Stahlhut and his management team every success and satisfaction in mastering future challenges and continuing our long-term growth strategy in combined transport.

I thank you for your understanding and loyalty as a Hupac shareholder in these challenging times – stay healthy!

Hans-Jörg Bertschi
Chairman of the Board of Directors

Dear shareholders, customers, partners
Dear employees

For the last 16 years I have had the privilege of leading the Hupac Group as CEO. A period in which we as a team have jointly developed our company from a corridor operator through Switzerland to a continental network operator with connections as far away as Russia and China. We can all be proud of this!

I would like to thank our Chairman and Board of Directors most sincerely for their many years of support and the trust they have placed in me. Since its foundation in 1967, foresight and strategic orientation have always kept Hupac "on course" and have always been the foundation for our positive development.

Dear shareholders, customers and partners, without your trust and support we would not have achieved these goals. "Satisfied customers" is our most important guiding principle. We live it every day, and your comments and suggestions are always an incentive to further improve our performance. This will not change in the future.

During the last years I was allowed to share the management with Michail Stahlhut. A time which I enjoyed immensely and in which I got to know our new CEO even better. I am sure that thanks to his experience and charisma he will lead the company into a successful future and I wish him all the best for this path.

Today we have to manage and overcome the coronavirus crisis. In doing so, Michail Stahlhut can count on a highly motivated team, and the past has shown that Hupac has always come out of crises in a stronger shape.

I would like to express my special thanks to all employees. You have always been the greatest motivator for me. Remain confident, curious and most of all down to earth. These are the virtues that our founding members gave us in our cradle. Live this on.

My office door will always be open for your concerns in the future. True to my motto: "It's a people's business".

Thank you very much, and take care!

Beni Kunz

Hupac is not just a name. After a year and a half with all of you, it's pretty easy to see that Hupac is a strong part of its environment. That includes not only a region, but an entire sector. Hupac, and this is immediately written in your logbook, is combined transport. It is service, it is modal shift, it is a task. Or, in the words of my predecessor Beni Kunz: Hupac is a task worth tackling.

From the first tours in the Alps I know: nothing is easy in the mountains. There are rocks everywhere, the path is arduous. A good analogy to our sector environment: here, after the work of my predecessors and especially Beni Kunz, the future will lie in making the Alps, which have become almost flat due to the NEAT, easier to master. This is not an end in itself or the door to magnificent new financial results – no. It is a task to prove the strength of the market with decreasing subsidies, which result from the compensation logic of the Swiss state. It is clear that the conditions for precisely these necessary improvements must be in place. These include the 4m corridor, the 740 m long trains and, above all, the heaviest train that can be transported with 740 m and the right locomotive. And this from the starting terminal to the arrival. This creates work for everyone involved in combined transport. A weak point along a route weakens the whole system.

Railways and combined transport belong together like the bicycle and the cyclist on a cycle tour. To develop and continue the best ideas, you need the passion that characterises all the people I have met. There is a lot ahead of us. The last step towards a complete opening of the NEAT, the interconnection of the continent to the southwest, southeast and east. We can do this, and we have the ideas to offer our customers more intermodal transport. The fact that this also includes the land route from Europe to Asia is a logical extension of the idea of combined transport.

A big thank you goes to my predecessor Beni Kunz, who introduced me to the task with the calm of a big brother. For this I owe him my deepest thanks.

Dear customers, please make use of us, challenge us and remain loyal to us even in these hard times of virus-related lockdowns. We – the Hupac team and you as customers – together we are the combined transport. We can do this and even more.

Full of energy,

Michail Stahlhut

> “With the **digital transformation** of its business processes, Hupac is strengthening the competitiveness of combined transport.”

A lived reality

Hupac is striving for a market-leading role in intermodal transport in Europe – in terms of quality and quantity. To this purpose, 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 southwest and southeast Europe.

In order to implement its growth strategy Hupac is setting up 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.

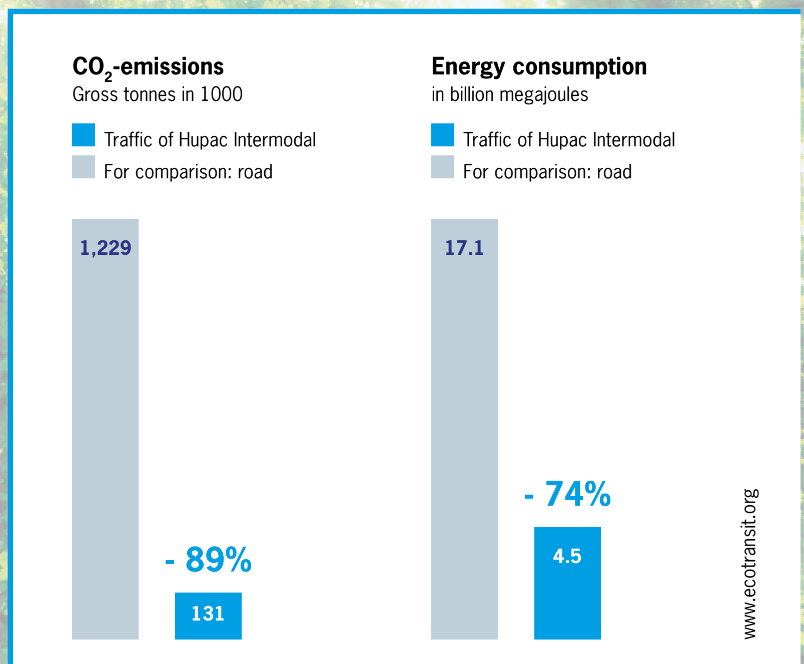
1000
wagons with GPS units

250
wagons with RFID chips

Environment and climate

-1.1 million CO_2-emissions

Environmental performance of Hupac's intermodal network



Working for the climate

Combined transport is the preferred transport system for eco-friendly logistics processes. Hupac sees its task in providing the freight transport industry with a reliable, marketable network in intermodal transport. The central challenge here is efficient management, because environmentally friendly transport must be neither more expensive nor of inferior quality to 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.

Active support of the modal shift policy

In 2019 Hupac achieved a transport volume of 551,042 road consignments or 10.5 million net tons in the segment of transalpine transport through Switzerland. The company is thus an important player in Swiss transport policy, whose constitutionally anchored goal is to shift transalpine freight traffic from road to rail.

In the year under review, we succeeded in convincing Swiss politics that operating subsidies will also be necessary to a lesser extent from 2024 if the shift in Alpine transit is to be maintained or further expanded. The reason for this is the delayed implementation of the railway parameters on the Rhine-Alpine corridor, which allow for higher productivity.

The Federal Council's corresponding proposal to Parliament in November 2019 was modest. However, Hupac, together with the Swiss transport industry, presented its ideas to the public. At the beginning of 2020, Parliament approved an increase and extension of the subsidy framework as a bridging measure until the necessary productivity improvements are achieved on the north-south corridor.

Positive footprint

Last year, Hupac Intermodal's freight transport achieved total savings of 1.1 million tonnes of CO_2 and 12.6 billion megajoules of energy compared with pure road transport.

Via the customer platform WOLF, every customer can view and document the CO_2 balance of his transports. The calculations are based on the EcoTransIt system.

Caring for the environment

The consideration of environmental aspects is a multi-faceted, ongoing issue with large, but also with many small projects. The SPEAK project, which has made significant progress in 2019, promises to improve the use of train capacity and thus reduce environmental impact. The ETA/ETP (Estimated Time of Arrival/of Pick-up) project will help avoid empty truck runs and optimise resources. A first phase of implementation was completed in January 2020.

Consistent investment in low-noise rolling stock is significantly reducing the noise pollution of rail freight traffic. Hupac's wagon fleet has been completely low-noise since the end of 2016.

Equally relevant are the issues which directly and personally affect the employees of the Hupac Group. These include the elimination of one-way plastic, the introduction of paperless processes, the promotion of teleconferencing and home office to reduce travel activity and the conversion of the company's fleet to e-mobility.

Strategic
focus areas

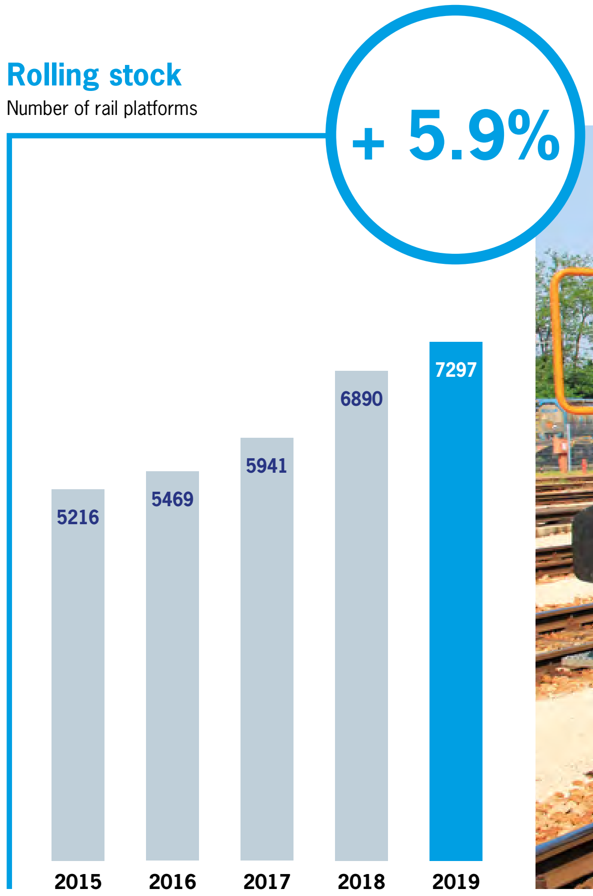
Own rolling stock ensures independence

At the end of 2019 the Hupac Group had a fleet of 7,297 rail platforms. This corresponds to an increase of 5.9% over the previous year. The proportion of rented wagons in the total rolling stock was 14.4%.

In the year under report, 200 wagons of type T3000 and 160 48-foot container wagons worth approximately EUR 27.0 million were delivered to Hupac Ltd. In addition, orders were placed for 100 90-foot container carrying wagons. In cooperation with the Chinese manufacturer CRRC, two prototypes of six-axle 90-foot container wagons were developed and built, which were subjected to extensive testing in Europe in 2019. These are necessary for obtaining approval.

Rolling stock

Number of rail platforms



Strong footprint in the terminal sector

Significant progress was made in the terminal sector in the year under review. In October 2019 Hupac took over the majority of the terminal company CIM SpA Interporto Novara – an important step for transalpine traffic through Switzerland via the Lötschberg axis. The majority acquisition of the Dutch terminal company Geleen RTC also offers interesting opportunities.

In the future, Hupac intends to commit itself in the economic area Rhine-Ruhr and in the European region along the Silk Road. Last year Hupac was able to conclude letters of intent for participation in the construction of new terminals in the Duisburg Coal Port and in Minsk (Belarus).

Construction work, coordinated by an internal engineering team, was also successful. In Piacenza, construction of the new terminal of Centro Intermodale SpA began in collaboration with Mercitalia Logistics. The completion is scheduled for mid 2022. The terminal projects Milano Smistamento and Brescia are currently in the preparatory phase.

Preparatory work was completed at the Brwinów terminal near Warsaw. Due to COVID-19 crisis, the start of construction has been delayed; nevertheless, we expect the plant to be ready for operation in mid 2022.

Various expansion investments were also implemented in the existing terminals. A container depot was created at the Singen terminal as an important prerequisite for the efficient operation of maritime hinterland transportation. At the Busto Arsizio-Gallarate terminal, the Gallarate transfer track and the signaling system are currently being renewed. By the end of the year, the extension work for handling 740 m long trains should be completed.

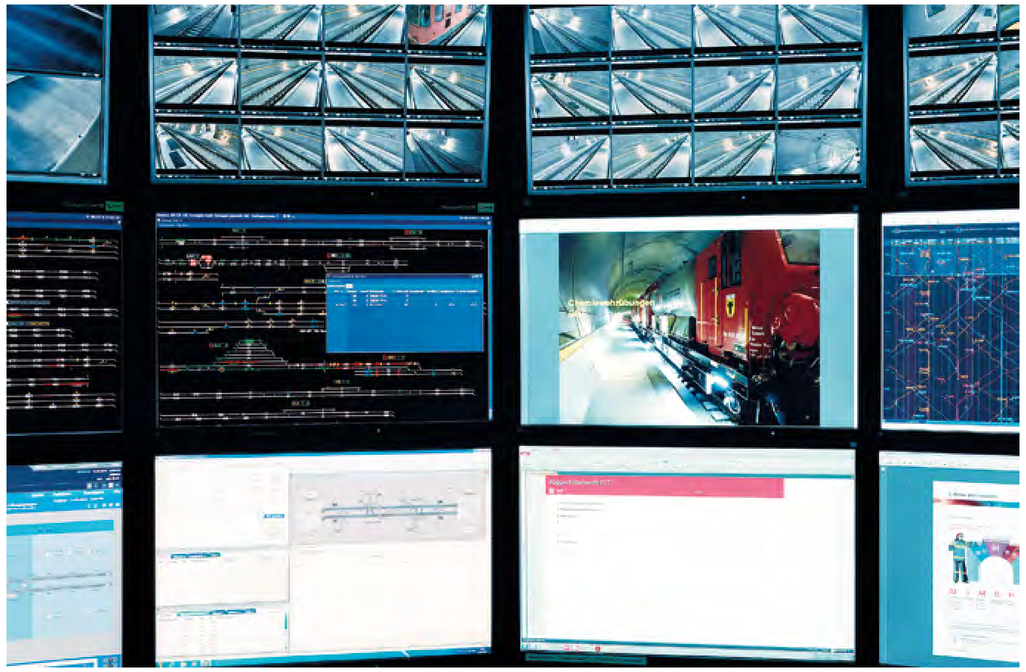
Terminals of the Hupac Group

Rail traction with partners

Over 95% of Hupac intermodal 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, Rail Cargo Hungaria, Metrans and Foxrail. ERS Railways cooperates with the railway undertakings boxXpress, LTE and Freightliner.

The railway undertaking Hupac SpA owns a total of 10 shunting and/or mainline locomotives. With these resources Hupac SpA handles shunting operations in the Busto Arsizio-Gallarate and Piacenza terminals and wagon transport between the terminal and the workshops.

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



Significant progress in digital transformation

Extensive investments have also been made in information technology. In addition to installing GPS units in approx. 1000 wagons for better train tracking throughout Europe, 250 wagons have been equipped with RFID chips. The information obtained here – in conjunction with the data from the train control devices in Switzerland – facilitates the predictive maintenance of the wagons.

The further use of OCR gates in the Busto Arsizio-Gallarate terminal allows for a better utilization of the facility. The handling time per train is reduced by an average of 20 minutes. This generates a capacity increase of the terminal of 10%.

Last year, the digitisation of booking processes also started. The automation of these processes and the resulting optimisation of loading capacity leads to mandatory transport plans and reliable information on the status of the transport. The "Hupac Train Radar" makes this information visible on a platform. Customers can virtually follow their loading unit; if necessary, they receive proactive information on deviations from the timetable and a new estimation of the arrival time.

With the digital transformation of its business processes, Hupac is strengthening the competitiveness of combined transport. The focus is on wagon technology, terminal productivity, better planning of the interface between wagon, terminal and customer and, last but not least, better visibility of the supply chain.

Highlights 2019

February

Foundation of the EDIGES consortium with the aim of further developing the EDIGES data exchange system as an industry standard

May

All Hupac Intermodal trains are equipped with GPS sensors for tracking & tracing

June/July

Hupac signs letters of intent for the construction of terminals along the Silk Road (Duisburg Coal Port, Minsk)

September

Opening of a container depot at the terminal in Singen

September

Commissioning of OCR portals at the Busto Arsizio-Gallarate terminal to optimize check-in and check-out processes

October

Hupac becomes majority shareholder in CIM SpA Interporto Novara

November

Hupac decides to take over the majority of the terminal company Geleen RTC

November

Start of construction of the Piacenza terminal

STRATEGY

Business segments

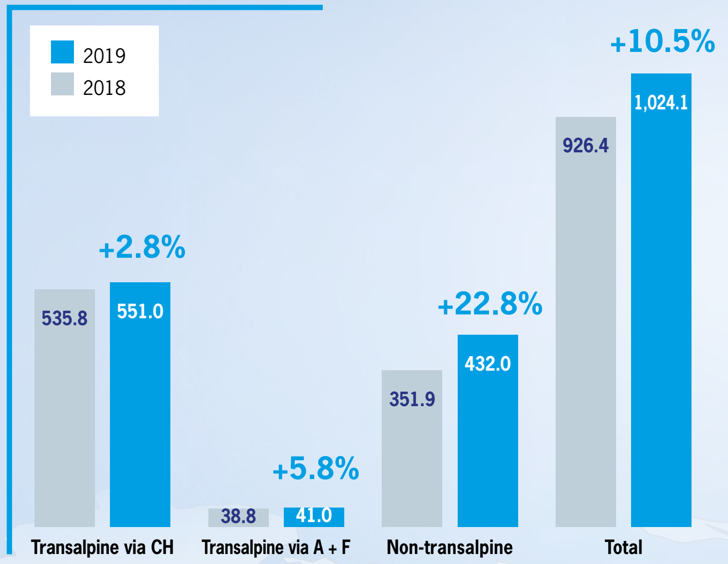
Swiss transalpine transport remains the main market

In its core business of transalpine transport through Switzerland, Hupac carried 551,024 road consignments by rail; this corresponds to an increase of 2.8%. Overall, the past year was characterised by rather restrained demand. The first half-year was still relatively strong in terms of volume. In the second half of the year there was a noticeable decline in traffic as the economy in the core markets slowed down.

In its core business of non-transalpine transport, Hupac achieved growth of 22.8% to 432,020 road consignments. This significant increase is primarily due to statistical effects: the volumes of the ERS Railways, which was integrated into the Hupac Group in June 2018, are reflected here with its transports from the North Sea ports.

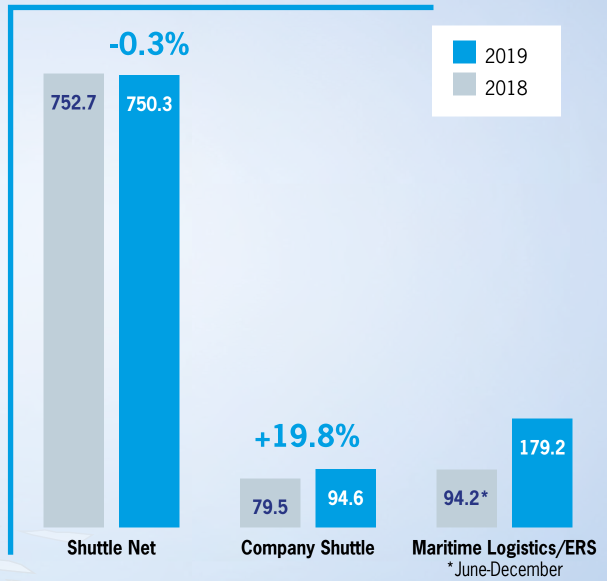
Traffic volume by route

Road consignments in 1000



Traffic volume by business unit

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

Dated 1.5.2020

Shuttle Net – backbone of the company

The Shuttle Net business unit was able to introduce numerous new connections. In the transalpine segment, transport from the high-performance terminal Köln Nord to Italy and the strengthening of the offer for 4-metre semitrailers between Novara and Hannover or Zeebrugge are to be mentioned. In September, the first shuttle trains between Pordenone in northeastern Italy and Duisburg started operating.

Interesting developments can also be mentioned in the non-transalpine transport segment. For the Antwerp ⇆ Barcelona connection, it was possible to obtain the P386 semi-trailer authorisation for the first time. In this way, Hupac opens up the trailer transport segment for the Spanish market. On the east-west axis, the frequency of the trains Antwerp ⇆ Schkopau/Schwarzheide and Duisburg ⇆ Poland has been increased. Here too, for the first time, it was possible to transfer trailer transports to rail.

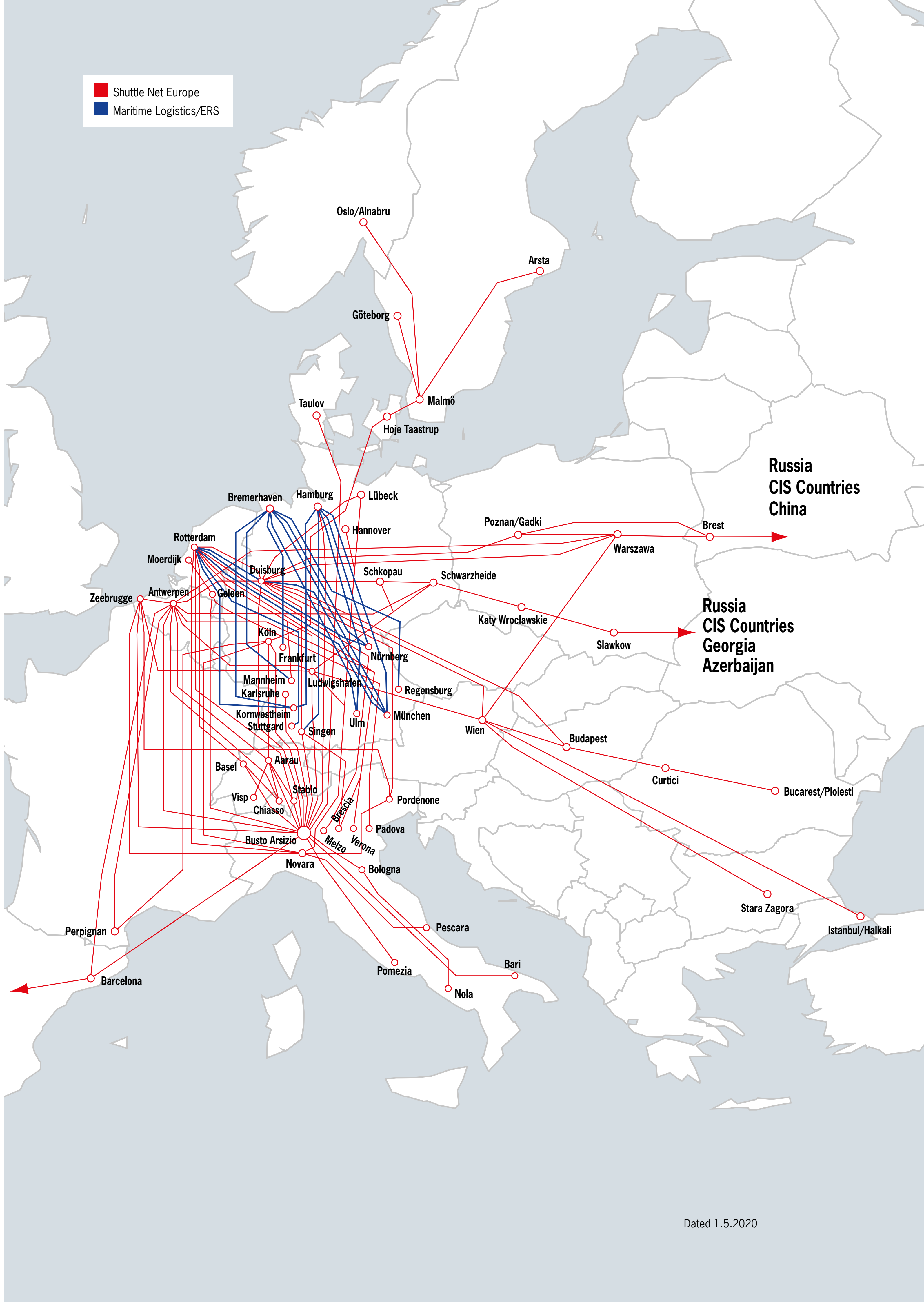
The south-eastern Europe segment continues to show interesting potential. Through the hub terminals in Vienna and Budapest, south-eastern Europe with destinations in Romania, Bulgaria, Serbia and Turkey has been connected to Hupac's Shuttle Net. With the introduction of the Rotterdam ⇆ Vienna shuttle, the network has been further differentiated.

Company Shuttle expanding

The new Company Shuttle business unit continued to develop very dynamically in 2019 reaching a transport volume of 94,564 road consignments. In line with the strong demand, the service was adjusted with additional shuttles for transalpine traffic. Trains travel on behalf of individual transport companies. Customers assume the risk of using company shuttles and entrust the organisation and management of transport to Hupac as operator.

Maritime traffic: ERS Railways expands its network

For the Maritime Logistics business unit, the subsidiary ERS Railways, which in the previous year operated only from northern German ports, developed and expanded new connections between Rotterdam and southern Germany (Munich, Nuremberg, Kornwestheim and Wörth). In 2019, ERS Railways was able to handle a transport volume of 323,577 TEU in inland maritime traffic, a growth of around 11% over the whole year 2018.



Terminals: efficient transhipment road/rail

The Hupac Group operates eight terminals in Switzerland, Italy, Germany and Belgium. 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 and the Terminal Singen TSG GmbH joint venture company for the Singen terminal.

About 250 employees of the Hupac Group work in the terminal area. 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.

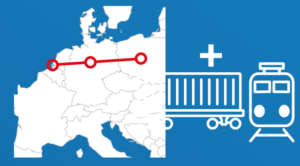
The Hupac Group's terminal business developed satisfactorily in the year under review. Hupac's terminals are accessible without discrimination and are used by various operators. In the year under review these were Hupac Intermodal, Mercitalia Intermodal, Kombiverkehr, TX Logistik, TTS, GTS and Codognotto.

Terminal	Surface	Cranes	Undercrane tracks	Train pairs per day	Destinations	Loading units 2019	2019/2018 %
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	420,000	-7%
Piacenza	45,000 m²	5 mobile cranes	3 x 600 m 1 x 500 m	8	Italy, Germany, Belgium, Poland, Romania	103,000	-4%
Pordenone	100,000 m²	2 mobile cranes	4 x 750 m	8	Italy, Germany, Belgium	2,500	=
Chiasso	7,000 m²	1 mobile crane	1 x 300 m	2	Switzerland	8,000	-3%
Aarau	33,000 m²	3 mobile cranes	4 x 300 m 1 x 200 m	5	Germany, Italy, Belgium, Switzerland, Netherlands	50,000	+2%
Basel Wolf	17,000 m²	3 mobile cranes	1 x 380 m	3	Netherlands, Belgium, Switzerland	34,000	-10%
Singen	50,000 m²	2 gantry cranes 1 mobile crane	4 x 650 m	8	Germany, Italy	78,000	+2%
Antwerp HTA	53,000 m²	3 gantry cranes	5 x 620 m	10	Italy, Switzerland	81,000	-8%

Highlights 2019

February

First admission of P386 semi-trailers on the Antwerp ⇆ Barcelona route



March

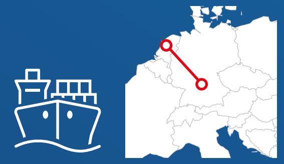
Hupac strengthens the east-west axis by increasing the frequency of trains Antwerp ⇆ Schkopau/Schwarzheide and Duisburg ⇆ Poland

June

Strengthening the offer for 4-metre trailers between Hanover or Zeebrugge and Novara

June

Hupac SpA starts operations at the Pordenone terminal

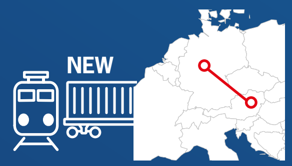


July

ERS Railways expands its network for maritime hinterland transportation to Rotterdam with new connections to Southern Germany

September

Hupac starts traffic from the Pordenone terminal in northeast Italy with a total of 5 shuttle trains to Duisburg and Novara



September

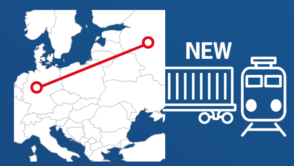
New Ludwigshafen ⇆ Vienna shuttle: Bulgaria, Serbia and Turkey are connected via the Vienna and Budapest hubs

October

Introduction of a direct connection Rotterdam ⇆ Vienna

November

Optimized Turkey connection between Istanbul/Halkali and Western Europe with 4 departures per week and direction



November

Multimodal service between Germany and Russia/CIS countries via Kaliningrad

Business development

> “We see **positive future prospects**, driven by further growth opportunities and continuous investment in our sustainable, climate-friendly business model.”

The 2019 financial year was positive overall, although economic uncertainties increased in the second half of the year and volume growth slowed down towards the end of the year. Thanks to the subsidiary ERS Railways GmbH, which was fully consolidated for the first time in 2019, the Group’s volumes rose by a respectable 10.5%. Due to currency effects and the weakening of the EUR, the Group achieved slightly lower sales growth of 5.4% to CHF 611.1 million. Thanks to the increase in transalpine traffic through Switzerland, “Other revenues”, which include government financial support, were kept stable despite declining operating contributions per unit.

Cost of the services provided rose in line with net revenues by 5.7% to CHF 561.3 million, resulting in a slightly lower gross profit margin of 20.2% (previous year 21.08%) due to the unchanged “Other revenues”. In terms of indirect costs, the consolidation of ERS GmbH was again particularly noticeable, as only seven months were included in the balance sheet in the previous year. Due to the continued significant investments, depreciation and value adjustments increased by approximately 2% or CHF 1.1 million.

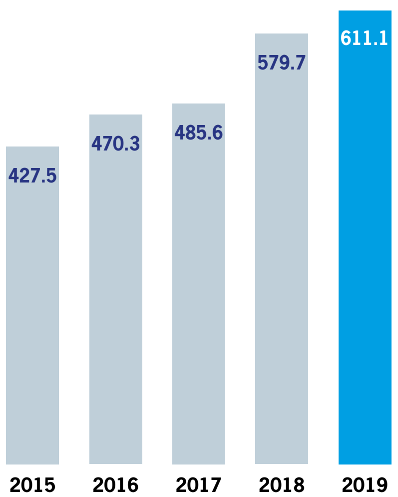
The ordinary operating result before financial items thus fell by CHF 2.8 million or 24.4%.

Increased bank loans to finance investments led to an increase in financial expenses of CHF 0.7 million despite lower interest rates, while currency losses of CHF 1.0 million were offset by a lawsuit that was won and a positive effect on earnings of CHF 1.5 million. The absence of the one-off positive effect from the sale of a participation in the previous year (CHF 1.9 million) and lower contributions to earnings from associated companies ultimately led to a CHF 2.8 million lower but nevertheless satisfactory Group result of CHF 5.1 million.

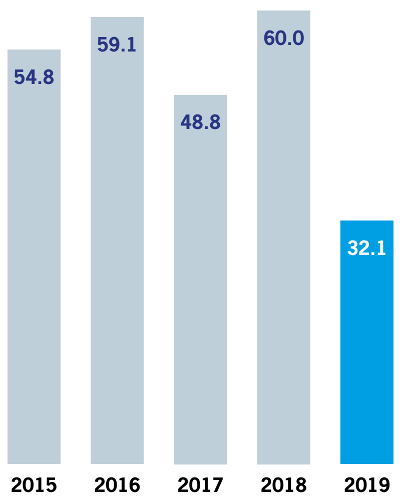
EBITDA, on the other hand, increased by around 4.6% to CHF 55.4 million. At CHF 72.7 million, investments remained high due to projects lasting several years, albeit somewhat lower than in the previous year.

Amounts in 1000 CHF	2019	2018	%
Income from supplies and services	611,148	579,723	5.4
Other income	73,768	73,675	0.1
Cost of the services	561,331	531,166	5.7
Gross profit	123,585	122,232	1.1
Group's operating profit	5,126	7,886	-35.0
EBITDA	55,442	53,020	4.6

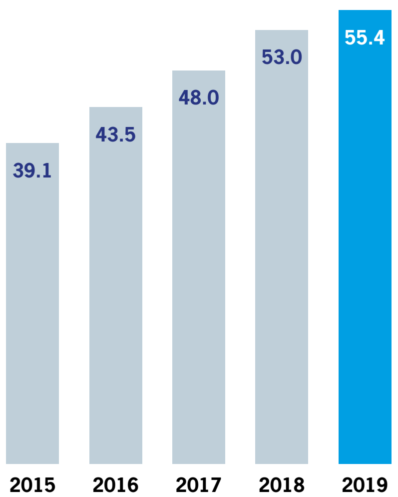
Annual turnover
in million CHF



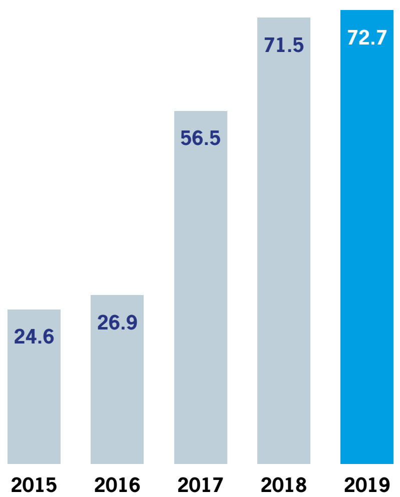
Operating cash flow
in million CHF



EBITDA
in million CHF



Investments in tangible fixed assets
in million CHF



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 from 2019 to 2040 to around CHF 46.9 million. In the same period, estimated interest of around CHF 1.3 million will be payable to the Swiss Government (see table).

Additional terminal projects are in the planning phase. They 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 2.4% in 2019 compared to 2018.

Repayment of public financial aids and interest: indicative cash flow burden per year
Values in 1000 CHF

Years	2019	2020-2026	2027-2030	2031-2035	2036-2040	2019-2040 Total
Loan repayment	3,589	3,589 - 3,589	2,542 - 2,545	1,470 - 1,551	65	46,888
Interest	238	53 - 210	5 - 32			1,310
Total	3,827	3,642 - 3,799	2,547 - 2,577	1,470 - 1,551	65	48,198

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 responsible for the subsidiaries. The Management Board is responsible for updating the list. Current information about the state of the situation 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 Commission Implementing Regulation (EU) No. 402/2013 as its basis.

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. The aim is to establish SBB Cargo International as a strong, lean freight railway by integrating logistical know-how from the private sector. This stimulates the market and creates additional incentives for modal shift.

boxXpress GmbH, Hamburg
Through its subsidiary ERS Railways, the Hupac Group holds a 47% stake in the railway undertaking boxXpress since June 2018. The Hamburg-based company owns 31 locomotives and 1300 container wagons and provides transports between the German and Dutch 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 and BLS, 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 390 low-loader wagons 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.

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, the Netherlands and Eastern Europe. Around 110 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 30 trains per week via this terminal, among others for traffic 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. The other partners are BASF and Hoyer. In the year under review, Hupac handled 64 trains per week via the Combinant terminal.

RSC Rail Service Center, Rotterdam
In December 2014, Hupac acquired a 16.33% interest in the RSC terminal in Rotterdam. With 90 weekly departures, the RSC terminal is the hub for Hupac's Netherlands traffic.

RTC Rail Terminal Chemelot, Geleen
In April 2018, Hupac acquired a 40% stake in RTC Rail Terminal Chemelot. Hupac tranships 26 trains per week via this terminal in the south of the Netherlands (Limburg).

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 128 trains per week via the Novara terminal.

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.

Outlook

Crisis management COVID-19

The COVID-19 crisis has a significant impact on traffic development in the current year. After a positive first quarter, with traffic growth of 3.6%, Hupac recorded a sharp drop in transport volumes in April, especially in transalpine traffic to Italy. The decline in transalpine volume was parallel to road transit – for a few weeks at minus 50%. The main reason for this collapse was the extensive closure of Italian industrial production, imposed by the authorities. As a result, the exchange of goods between Italy and the other European countries has been halved, with a consequent and inevitable reduction in land transport. Thanks to the reversal of the trend of COVID-19 in Italy, we expect a gradual improvement in the Alpine transit situation during the second quarter.

During the COVID-19 phase, Hupac employees work mainly in home office. Contact-free management has been implemented in Hupac terminals, with consistent social distancing and additional health and safety measures. In this way, the health risks for our employees and customers can be minimized.

Positive future prospects

The Board of Directors and the management board take a very positive view of the medium and long-term future prospects of the Hupac Group, driven by further growth opportunities and continued investment in our sustainable and climate-friendly business model. The opening of the 4-metre corridor through Switzerland this year opens up further opportunities for which Hupac is systematically preparing itself.

Risks are the well-known economic and political developments such as protectionism, a global recession or structural weaknesses in Italy. Environmental and climate policy, which calls for a further significant shift of transports from road to rail, and the implementation of technological innovations in the supply chain are megatrends that offer great opportunities for Hupac.

Combined with Hupac's strengths, in particular the solid financial performance and investments in employees, we are convinced that we can further consolidate our market position and look to the future with confidence.

Structure
of the Hupac Group

Company

At the end of 2019, the Hupac Group consisted of 22 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.

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 parent company.

Hupac Group Companies

Hupac Ltd Chiasso
Parent company - Asset management

Switzerland

- 100% **Hupac Intermodal Ltd**, Chiasso – Sales & operations, Terminal operations
- 100% **Termi Ltd**, Chiasso – Terminal construction, Facility management
  - 95% **Termi SpA**

West Europe

- 96,99% **Hupac SpA**, Busto Arsizio – Terminal operations, Railway operations; 3,01% various third parties
  - 3% **Fidia SpA**
- 97% **Fidia SpA**, Milano – Terminal operations, Warehouse logistics
- 100% **Hupac Intermodal Italia Srl**, Busto Arsizio – Sales
- 100% **Centro Intermodale SpA**, Milano – Terminal construction, Facility management
  - 100% **Terminal Piacenza Intermodale Srl**, Piacenza – Terminal operations
- 100% **Piacenza Intermodale Srl**, Piacenza – Facility management, Warehouse logistics
- 5% **Termi SpA**, Busto Arsizio – Terminal construction, Facility management
- 100% **Combiconnect Srl**, Milano – Facility management
  - 43,86% **Centro Interportuale Merci SpA**
- 23,17% **Centro Interportuale Merci SpA**, Novara – Warehouse logistics, Terminal operations
  - 85% **Crosstec Srl**, Novara – Information Technology
- 100% **Hupac Intermodal NV**, Rotterdam – Service provider
  - 0,06% **Hupac Intermodal BVBA**
- 99,94% **Hupac Intermodal BVBA**, Antwerp – Terminal operations, Facility management
- 100% **Hupac GmbH**, Singen – Service provider
- 100% **TIN Terminal Intermodal Nord GmbH**, Singen – Terminal management
- 100% **ERS Railways GmbH**, Hamburg – Maritime services

East Europe & Far East

- 100% **Hupac Terminal Brwinów Sp. z o.o.**, Warszawa – Terminal construction
- 75% **Intermodal Express LLC**, Moscow – Sales & operations; 25% Andrey Munkin
  - 2% **Hupac LLC**
- 98% **Hupac LLC**, Moscow – Rolling stock management
- 100% **Hupac International Logistics (Shanghai) Co. Ltd**, Shanghai – Sales & operations

Dated 31.12.2019

22 companies

100 shareholders

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	62	Chairman since 1993	Switzerland	1987	2022
Dr. Thomas Baumgartner	65	Member	Italy	1990	2022
Thomas Hoyer	69	Member	Germany	1988	2022
Ing. Nicolas Perrin	60	Member	Switzerland	2008	2022
Nils Planzer	48	Member	Switzerland	2008	2022
Jörg Berner	33	Secretary	Switzerland	2019	2022

Dated 31.12.2019

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*
Roberto Paciaroni – *Managing Director*

Fidia SpA
Roberto Paciaroni – *Chairman*

Hupac Intermodal Italia Srl
Roberto Paciaroni – *Chairman*
Maurizio Bertaso – *Sales Manager*

Centro Intermodale SpA
Piero Solcà – *Chairman*

Terminal Piacenza Intermodale Srl
Piero Solcà – *Chairman*

Piacenza Intermodale Srl
Piero Solcà – *Chairman*

Termi SpA
Angelo Pirro – *Chairman*

Combiconnect Srl
Bernhard Kunz – *Chairman*

Centro Interportuale Merci SpA
Piero Solcà – *Delegate of the Board of Directors*

Crosstec Srl
Aldo Croci – *Chairman*

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 Railway 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 31.12.2019

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. Terminal Alptransit (Teralp) Srl is a joint venture company of Mercitalia Logistics SpA and of Hupac AG. The company's main purpose is the planning and construction of terminal projects in Italy.

Hupac maintains substantial minority shareholdings in various companies within the field of combined transport. These include the combined operators Mercitalia Intermodal, RAlpin, the terminal companies Eurogateway, 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 Gateway Basel Nord terminal planning company.

Hupac maintains minor 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 branch association UIRR.

Certifications

The quality management system of the Hupac Group has been certified according to ISO 9001 since 1995. Since 1997 the environmental management system of the Hupac Group has also been certified according to ISO 14001. In October 2019 the involved companies of the Hupac Group successfully passed the recertification audit and were thus able to acquire a new certificate valid until October 2022.

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 according to Regulation (EU) No. 445/2011. In August 2018 the company successfully passed the recertification. The new certificate is valid until 2023.

Financial statement

FINANCIAL STATEMENT

Consolidated income statement

Amounts in 1 000 CHF	2019	2018
Net income from supplies and services	611 148	579 723
Other income	73 768	73 675
Cost of the services	-561 331	-531 166
Gross profit	123 585	122 232
Payroll expenses	-45 645	-43 150
Other operating expenses	-16 036	-15 423
Depreciations and value adjustments	-53 100	-52 015
Operating result before financial positions	8 804	11 644
Financial income	372	273
Dividend income	562	0
Financial expenses	-2 874	-2 176
Result from associates	174	663
Foreign exchange differences	-1 026	-201
Ordinary operating result	6 012	10 203
Non-operating income	448	125
Non-operating expenses	-3	-994
Extraordinary income	1 954	730
Gain from disposal of fixed assets	452	265
Gain from investments	338	1 905
Extraordinary expenses	-983	-136
Loss from disposal of fixed assets	-28	-177
Annual result before taxes	8 190	11 921
Direct taxes	-3 080	-3 916
Annual result	5 110	8 005
Minority interest	16	-119
Annual result of the Group	5 126	7 886

Consolidated balance sheet

Amounts in 1 000 CHF	31.12.2019	31.12.2018
ASSETS		
Cash and cash equivalents	63 671	62 117
Receivables from supplies and services	78 666	72 886
- third parties	65 797	61 341
- shareholders	12 869	11 545
Other short-term receivables	9 244	21 112
- third parties	9 244	21 112
Stocks and services non invoiced	11 353	12 430
- stocks	3 092	3 315
- services not invoiced	8 261	9 115
Accrued income	30 439	30 215
Total current assets	193 373	198 760
Financial fixed assets	596	68
- Long-term receivables from third parties	589	57
- Other financial fixed assets	7	11
Investments	42 748	44 205
Tangible fixed assets	277 547	238 945
- Assets under construction	15 490	13 325
- Technical equipment	12 326	13 480
- Rolling stock	111 107	106 179
- Plants on third parties' lands	6 529	8 543
- Terminals, buildings and land	124 049	91 290
- Other tangible fixed assets	8 046	6 128
Intangible fixed assets	25 663	18 660
Deferred tax assets	4 574	1 016
Total fixed assets	351 128	302 894
Total assets	544 501	501 654

Amounts in 1 000 CHF	31.12.2019	31.12.2018
LIABILITIES AND SHAREHOLDERS' EQUITY		
Account payables from supplies and services	56 218	58 236
- third parties	56 030	58 161
- shareholders	188	75
Onerous short-term debts	7 991	7 083
- third parties	7 991	7 083
Other short-term debts	6 207	7 433
- third parties	6 207	7 433
Accrued expenses	39 614	55 728
Short-term provisions	202	387
Total short-term liabilities	110 232	128 867
Onerous long-term debts	135 159	87 335
- third parties	135 159	87 335
Other long-term debts	48 806	51 096
- third parties	48 806	51 096
Long-term provisions	125 516	120 640
Deferred tax liabilities	5 449	2 032
Total long-term liabilities	314 930	261 103
Total liabilities	425 162	389 970
Minority interests	8 816	558
Share capital	20 000	20 000
Statutory capital reserves	18 701	16 238
Statutory retained earnings	54 222	54 043
Voluntary retained earnings	37 920	38 075
Translation difference	-19 120	-15 405
Treasury shares	-1 200	-1 825
Total shareholders' equity	110 523	111 126
Total liabilities and shareholders' equity	544 501	501 654

Consolidated cash-flow statement

Amounts in 1 000 CHF	2019	2018
Annual result of the Group	5 126	7 886
Depreciation of tangible assets	38 565	35 162
Depreciation of intangible assets	6 050	3 958
Change in value of investments	-60	588
Variation of provisions	4 607	22 694
Other non monetary items	-7	206
Net result from sale of tangible assets	-424	-88
Net result from sale of investments	-338	-1 905
Income from associated companies	-174	-663
Minority interests	129	-386
Variation of inventories	161	58
Variation of short-term receivables	6 686	-19 710
Variation of short-term liabilities	-28 251	12 159
Cash flows from operating activities	32 070	59 959
Purchase of tangible assets	-45 029	-71 326
Proceeds from sale of tangible assets	506	1 232
Purchase of intangible assets	-13 013	-9 751
Proceeds from sale of intangible assets	18	0
Purchase of investments	-14 349	-7 238
Proceeds from sale of investments	338	7 295
Cash flows from investing activities	-71 529	-79 788
Variation of financial receivables	-1 262	144
Variation of financial loans	44 136	29 451
Treasury shares	625	243
Dividends payment	-1 564	-1 560
Cash flows from financing activities	41 935	28 278
Variation	2 476	8 449
Cash at beginning of the year	62 117	54 550
Foreign exchange differences on cash	-922	-882
Cash at end of the year	63 671	62 117

Notes to the consolidated financial statements 2019

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 2019 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.

Events after the closing date
Due to the exceptional situation caused by the "Coronavirus" pandemic (COVID-19) in the first months of 2020, Hupac SA Group has experienced a significant decrease in activity and turnover starting in April. Undoubtedly, this will have a negative impact on 2020 financials statement of the Group. As the crisis has not yet been overcome, the group managers can until now, not yet foresee what the outcome of the COVID-19 Crisis will be. Nonetheless, they think it will not challenge the financial strength of the Group.

The following companies were fully consolidated:

Company		Share or company capital	Interests as % 31.12.2019	31.12.2018
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	60 000 000	2.00	2.00
Hupac LLC, Mosca	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		-	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	-
Sub-interests of Combiconnect Srl, Milan: - Centro Interportuale Merci CIM SpA, Novara	EUR	24 604 255	43.86	-
Centro Interportuale Merci CIM SpA, Novara	EUR	24 604 255	23.17	3.64
Sub-interests of CIM SpA, Novara: - Crosstec Srl, Novara	EUR	100 000	85.00	-
TIN Terminal Intermodal Nord GmbH, Singen	EUR	50 000	100.00	-

* In 2020 ERS Railways BV merged into Hupac Maritime Logistics GmbH: the new company name is ERS Railways GmbH.

The following companies were consolidated using the equity method:

Company	Registered in	Interests as % 31.12.2019	31.12.2018
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
Kombi-Terminal Düsseldorf GmbH	Düsseldorf (Germany)	-	33.33
Rail Terminal Chemelot (RTC) BV	Geleen (Netherlands)	40.00	40.00
boxXpress GmbH	Hamburg (Germany)	47.00	47.00
Eurogateway Srl	Novara (Italy)	46.49	6.06

Table of currency conversion

	Balance sheet 31.12.2019	31.12.2018	Income statement 2019	2018
CHF/EUR	1.08580	1.12650	1.11280	1.15470
CHF/RUB	0.01560	0.01417	0.015400	0.015643
CHF/PLN	0.25500	0.26197	0.258900	0.271031
CHF/CNY	0.13910	0.14321	0.143900	0.149730

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 2018	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
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

Treasury shares

Registered shares	2019	2018
Initial holdings on 01.01.	462	503
- Purchase	1	23
- Sale	-106	-64
Final holdings on 31.12.	357	462
The transactions were concluded on market-based condition.		

	2019	2018
Personnel - average number of full-time equivalents	537	504

Derivative instruments - As at 31.12.2019

Amounts in CHF	Contract volume as at 31.12.2019	Fair values as at 31.12.2019	Fair values as at 31.12.2018
Transactions interest rate swap			
Zürcher Kantonalbank 10.4.2012-14.4.2020, 0.825%	5 000 000	-40 655	-118 300
Credit Suisse 19.1.2015-19.1.2022, 1.46%	20 000 000	-987 398	-1 356 530
Total	25 000 000	-1 028 053	-1 474 830

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	31.12.2019	31.12.2018
Extraordinary expenses	983	136
The most significant items are: 2019: Repayment to the BAV of part of the financing received for the construction of the Antwerp HTA Terminal 2018: Compensation for damages and unforeseen costs		
Extraordinary income	1 954	730
The most significant items are: 2019: Reversal of Tornesh provision and refund of penalty fees 2018: Reimbursement from bankruptcy proceedings Cosmef, reimbursement of other tax and insurances costs		
Other information in accordance with legal requirements		
Debts from leasing obligations with remaining duration of more than twelve months from the balance sheet date	4 580	300
Debts towards personnel foundations	636	581
Total amount of collateral pledged for liabilities of third parties	16 909	13 715
Pledges on assets to secure own liabilities	71 687	59 954
Details of Onerous long-term debts		
- 1 - 5 years	42 357	33 869
of which leasing	4 827	-
- > 5 years	92 802	53 466
of which leasing	3 133	-
Details of tangible fixed assets		
Tangible fixed assets	277 547	238 945
of which leasing	6 845	-
Auditor's fees		
Audit services	145	138

Report of the statutory auditor on the consolidated financial statements 2019

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 2019.

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 2019 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, 21 April 2020

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