

Media conference on financial results

Hupac wants to tranship one million road shipments

Zurich, 4.5.2011 The Swiss intermodal operator Hupac had a positive annual result with an almost 14 percent growth rate in traffic in 2010. Hupac is targeting further growth in the coming years and presented an investment program of more than CHF 300 million. Hupac is demanding prompt expansion measures for the NEAT corridor, so that the Gotthard base tunnel can fulfill its transshipment function.

Emerges successfully from the crisis

The transport network of the Swiss intermodal operator Hupac conveyed 690,251 road shipments (+13.7%) last year and consequently almost reached the level of the record year 2008. "Modal shift is again on a path to growth," stated Hans-Jörg Bertschi, Chairman of the Board of Directors of Hupac Ltd., at the media conference on financial results in Zurich. Since the reference year of 2000, the number of road shipments in intermodal transport via Switzerland has increased by 70%; the growth rate was 15% just in the last year. "This was on a 130 year old infrastructure, which has by far not been able any more to meet the requirements of rail freight transport in line with current international standards," according to Mr. Bertschi. Even stronger traffic growth was hindered in 2010 by lack of locomotives at some railway operators and lack of resources due to maintenance bottlenecks in consequence of the new maintenance regulations. The extraordinary public subsidies of the Swiss government had a positive effect and were able to prevent a return to pure road transport.

Satisfactory annual result

In spite of the economic crisis and currency turbulence, Hupac had a positive financial result in 2010. Group turnover increased by 4.9% to approx. 504 million. Together with the other revenues, primarily operating subsidies of the federal government, and the costs of the services that increased by 7.6%, gross profit rose by 19.3%. The annual profit of the group improved by 16.3% to CHF 3.2 million. Investments in fixed assets in the amount of CHF 22.5 million were rather restrained due to the on-going economic crisis. They mainly concerned purchase of rail cars and expansion of terminal facilities in Italy and Belgium.

Strategy 2011-2015: one million road shipments targeted

The strategy revision pursued by Hupac Group last year confirmed the position of the company as a neutral network provider in Europe's intermodal transport. Independence from railway operators, investments in its own resources such as rolling stock, terminals and IT solutions as well as the continual expansion of the network will remain key factors of corporate strategy for the future. For the coming years, Hupac sees further chances for intermodal transport as an environmentally friendly, energy-efficient transport system. The goal of the company is sustained quantitative growth of 8-10% annually to achieve a transport volume of one million road shipments with an appropriate operating result by 2015. Compared to pure road transport this means a saving of 1.2 million tons of carbon dioxide. The core market is transalpine traffic on the north-south axis; the new markets on the east-west axis to Russia and the Far East are of increasing importance. To carry out the strategy 2011-2015, Hupac is presenting an investment program of more than CHF 300 million for rolling stock, terminals, information technology and market development.

Intermodal corridor: enable transshipping thanks to prompt, affordable expansion steps

Hupac is making efforts to create framework conditions favourable to intermodal transport and is

consequently actively supporting modal shift policy. The company is calling for pragmatic, incremental adaptation of existing infrastructure, so that the advantages of the flat rail route can already be used at the time of opening the Gotthard base tunnel. This also with respect to the existing financing bottlenecks in northern and southern Europe, which will delay expansion of access lines until long after 2030. "Transalpine freight transport belongs on the rails. This requires a high-performance intermodal corridor for longer, heavier trains with 4-meter profile as well as sufficient terminal capacities", Mr. Bertschi resumed. Both infrastructure and railway technical adaptations are required within an international corridor concept on the complete Rotterdam-Genoa axis under consideration of the specific requirements of freight transport:

- ▶ Increasing train length from the current 550 meters to 700 meters to improve productivity and competitiveness on rails; increasing train weight to 2000 tons
- ▶ Adapting the Gotthard corridor to the international standard of the 4-meter profile P400, which enables transshipment of the important segment of voluminous goods
- ▶ Immediate pragmatic solutions for the southern connections using existing rail lines via Luino, Chiasso and Domodossola
- ▶ Constructing terminals east of Milan, so that the planned new rail line Chiasso-Seregno-Bergamo can be used for intermodal transport.

Outlook for 2011

The year 2011 started well with traffic growth of 12% from January until April. Hupac increased frequency on various connections to meet rising demand. The newly introduced connections Rotterdam ↔ Basel and Singen ↔ Brescia are developing very positively. Developments in the new markets in Eastern Europe are also very promising, where Hupac collaborates with its partners Russkaya Troyka and GT Eurasian Good Transport. "We are recording increasing interest for rail transport to Russia, China and Korea," Hupac Director Bernhard Kunz stated. The strategic partnership with SBB Cargo International is also developing positively. The traction company, in which Hupac has had a 25% share since the beginning of the year, is to provide proof that international long-distance traffic can be operated successfully and developed further sustainably. "We are confident that we'll lead SBB Cargo International to black figures within the foreseen period," according to Mr. Bertschi. The challenges of the current year undoubtedly include cost controlling and efficiency increasing of rolling stock maintenance. As ECM-certified wagon holder, Hupac takes full responsibility for servicing its rail cars. The company's own workshop at the terminal site Busto Arsizio has carried out maintenance works since 2010 through an external provider; an improved availability of the rail car fleet shall be achieved during the current year.

Contact: Irmtraut Tonndorf, Communications Manager
Tel. +41 91 6952936, itonndorf@hupac.ch

Profile of the Hupac Group

Hupac is the leading combined transport operator through Switzerland and one of the market leaders in Europe. The company works to ensure that an increasing volume of goods can be transported by rail and not by road, thus making an important contribution to modal shift and environment protection.

Hupac has around 5,600 rail platforms and combines the consignments of different transport companies into whole trains as a neutral, independent combined transport operator. These trains run back and forth between transshipment terminals on long and mostly international routes, with traction provided by external rail companies. The transport companies take care of local distribution. Hupac commits itself for a liberalised railway market and offers its services to all transport companies.

Hupac operates a network of more than 110 trains each day between Europe's main economic areas. In 2010, the traffic volume was around 690,000 road consignments. The Hupac Group employs 400 employees in ten companies based in Switzerland, Germany, Italy, the Netherlands, Belgium, Denmark and Poland.

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

For further information: www.hupac.ch