

In 2012 Hupac transported approximately 646,000 road shipments by rail

Quick response to volatile demand

Chiasso, 22.1.2013 In the past year, intermodal transport operator Hupac reported a **10.7% decrease in transports, caused by lower demand as a result of a weak economic environment, especially in Italy, the major receiving market of Hupac transports, and higher competitive pressures on the road. A number of disruptions on the Gotthard line additionally impacted the result.**

Development of transports In the past year, intermodal transport operator Hupac of Switzerland transported a total of 646,214 road shipments by rail, representing a decrease of 10.7%. This decline is primarily attributable to weak demand due to the current economic crisis in Europe, and particularly in Italy. Disruptions on the Gotthard line had an additional adverse effect on transalpine transports through Switzerland. The railway line was closed to all traffic for a total of about 40 days as a result of falling rocks near Gurtneilen in March, June and November of last year. Although traffic was rerouted via Lötschberg/Simplon, these events alone led to a 6% loss in volume for the year. So far, the company has not been able to fully recover the business that was lost to road transports. Further problems were caused by construction work on the Lötschberg/Simplon route. The transalpine segment through Switzerland suffered a decline totaling 12.4%.

In the transalpine transports via Austria, Hupac successfully achieved a slight increase of 0.7%, made possible by the high-capacity 4-meter corridor, which allows the transport of modern, high-volume semi-trailers with a corner height of 4 meters. Non-transalpine transports also fell by 9.9%. With respect to the import-export segment, services between the northern ports and Switzerland have been consolidated. The decline on the Benelux-Austria/Hungary/Romania, Benelux-Poland/Russia and Belgium-France/Spain routes was comparatively moderate.

Volatile markets require a quick response Hupac prepared early on for the economic downturn. On the market side, services were tightened by a moderate cutback in train circulations on some lines. Unprofitable services in a few peripheral areas were suspended. On the cost side, Hupac reduced its wagon fleet and adjusted terminal capacities. "Volatile markets are the new normal," according to Hupac's managing director Bernhard Kunz. The railway system is forced to adapt, or it will be left behind by the more flexible road system. "We have to use every opportunity to increase productivity and reduce costs. Railway companies, operators, terminals – all of them must contribute their share. Governments also have important homework to do in terms of interoperability and market supervision, for example." Price increases, such as those currently seen in the areas of railway infrastructure, energy and wagon maintenance, could slow down the development of intermodal transport. "The transport market is under a great deal of pressure. We are cautious in our forecasts for 2013."

Expansion of access lines: pragmatic solution Hupac welcomes the federal government's plan to establish high-capacity access lines to the Gotthard base tunnel. It is important to adapt both the Chiasso line and the Luino line. The Chiasso-Seregno-Milan line has great potential, but at the present time, it is hampered by capacity bottlenecks and it will take the Seregno-Bergamo bypass to alleviate these. The Luino-Gallarate-Novara line, on the other hand, currently handles 75% of unaccompanied intermodal transports via the Gotthard to service the large terminals west of Milan. To take advantage of the benefits

offered by the Gotthard base tunnel as quickly as possible, Hupac is therefore pursuing a pragmatic approach: “The Chiasso line is more important, the Luino line is more urgent”.

Infrastructures instead of operating contributions Investments in a high-performance freight transport corridor will pay off quickly and allow the phasing out of operating contributions, such as currently granted in Switzerland to compensate existing infrastructure deficits. Achieving the parameters for high-capacity railway freight transports (train length of 750 meters, train weight of 2000 tons with one engine, P400 profile) for all transit routes across the corridor, specifically Chiasso, Luino and Lötschberg/Simplon, is a key factor. The letter of intent signed by Switzerland and Italy in December 2012 is a significant step toward this goal. With this document the two countries agreed to a cross-border adaptation of the access lines. Now this project will have to be tackled promptly to ensure the start-up of operations in 2020, as scheduled.

Transport development	2012	2011	in %
<i>Number of road shipments</i>			
Transalpine via CH	374,953	427,973	- 12.4
Transalpine via A	53,425	53,053	0.7
Transalpine via F	139	1,221	- 88.6
Total transalpine	428,517	482,247	- 11.1
National CH	3,378	2,729	23.8
Import/Export CH	64,998	79,162	- 17.9
Non-transalpine	149,321	159,756	- 6.5
Total non-transalpine	217,697	241,647	- 9.9
Total traffic	646,214	723,894	- 10.7

Hupac's Profile Hupac is the leading intermodal transport operator through the Swiss Alps 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 contributing to modal shift and environment protection. With a workforce of 400 employees, Hupac operates a network of more than 110 trains each day between Europe's main economic areas and between the harbors and the hinterlands. In 2012, Hupac's transport volume was 646,000 road shipments on rails. The company's wagon fleet consists of 5,500 wagon modules. The Hupac Group comprises ten companies based in Switzerland, Germany, Italy, the Netherlands, Belgium, and Russia. Hupac was founded in Chiasso in 1967 and 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.

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