



Developments in the Baltic Adriatic Rail Corridor – a private operator's perspective

'Fast access to the Centre of Europe'

Gdynia

23 October 2019

Introduction to Baltic Rail

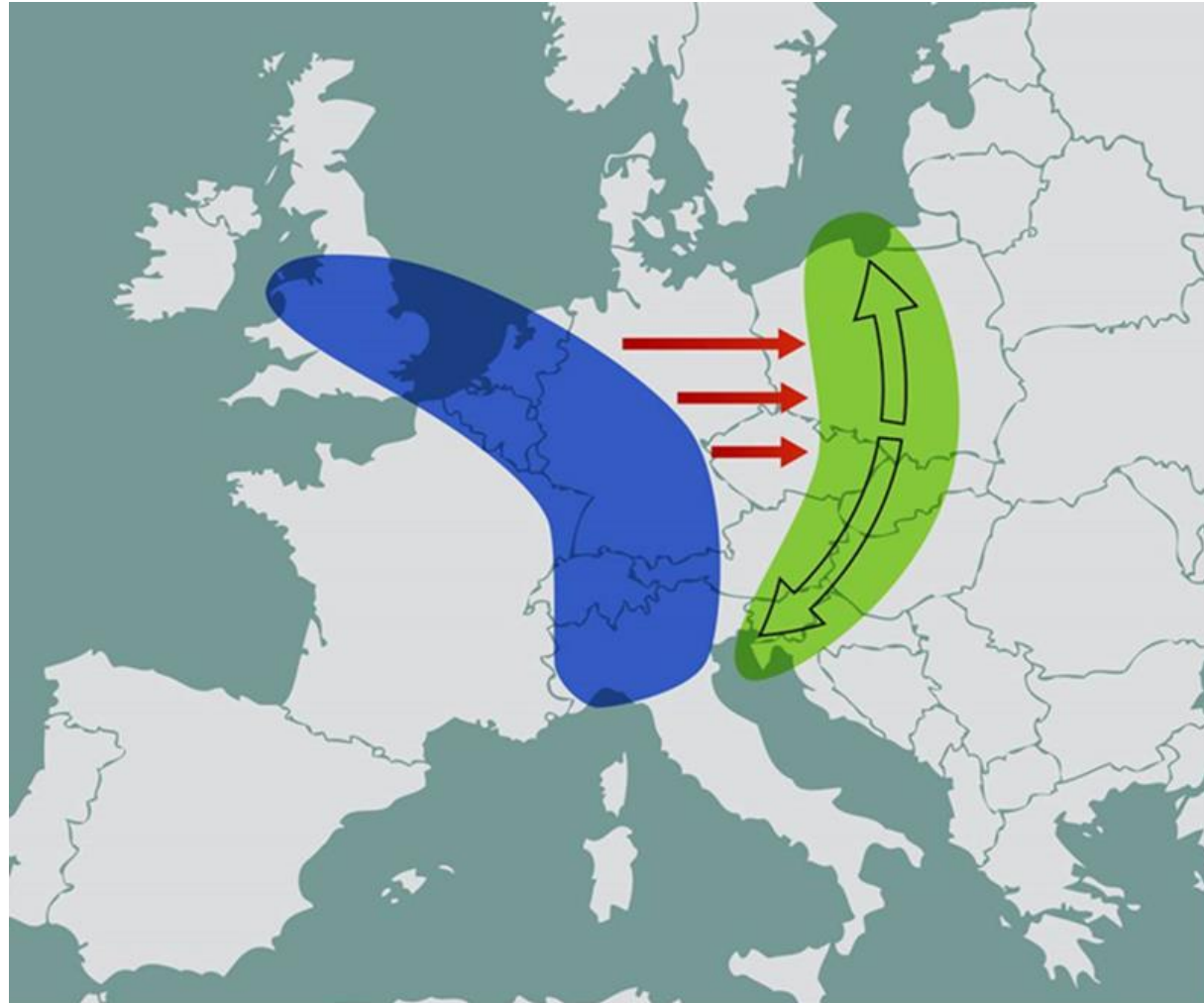
- Container train operator founded in 2008
- Running in the Baltic Adriatic Rail Corridor since 2011
- Independence assured through own wagons, road chassis and inland terminals
- Locomotive operator Rail Polska is a railway undertaking operating throughout Poland with 50 locomotives at its disposal.
- Operates 2 own container terminals in Wrocław and Katowice.
- Currently running intermodal services to Koper, Gdansk and Gdynia.
- Open operator working with all Shipping Lines and Forwarders
- Rail World is a private railway investment and management company based in Chicago, US. Successful rail privatisation projects in UK, New Zealand and Estonia. Current operations in Poland, Estonia, Ukraine and US





Developments in the Baltic Adriatic Corridor

- Last 3 decades has seen the manufacturing and service base shift to new areas in Central and Eastern Europe – shown here as the 'Green Banana'.
- Transport requirements changed as well. Initially focused on the developments of road and rail links from the traditional North Sea Ports.
- The Baltic Adriatic Corridor is developing rail connections to / from the Polish and Adriatic ports



New Routes for New Economies



A Polish perspective

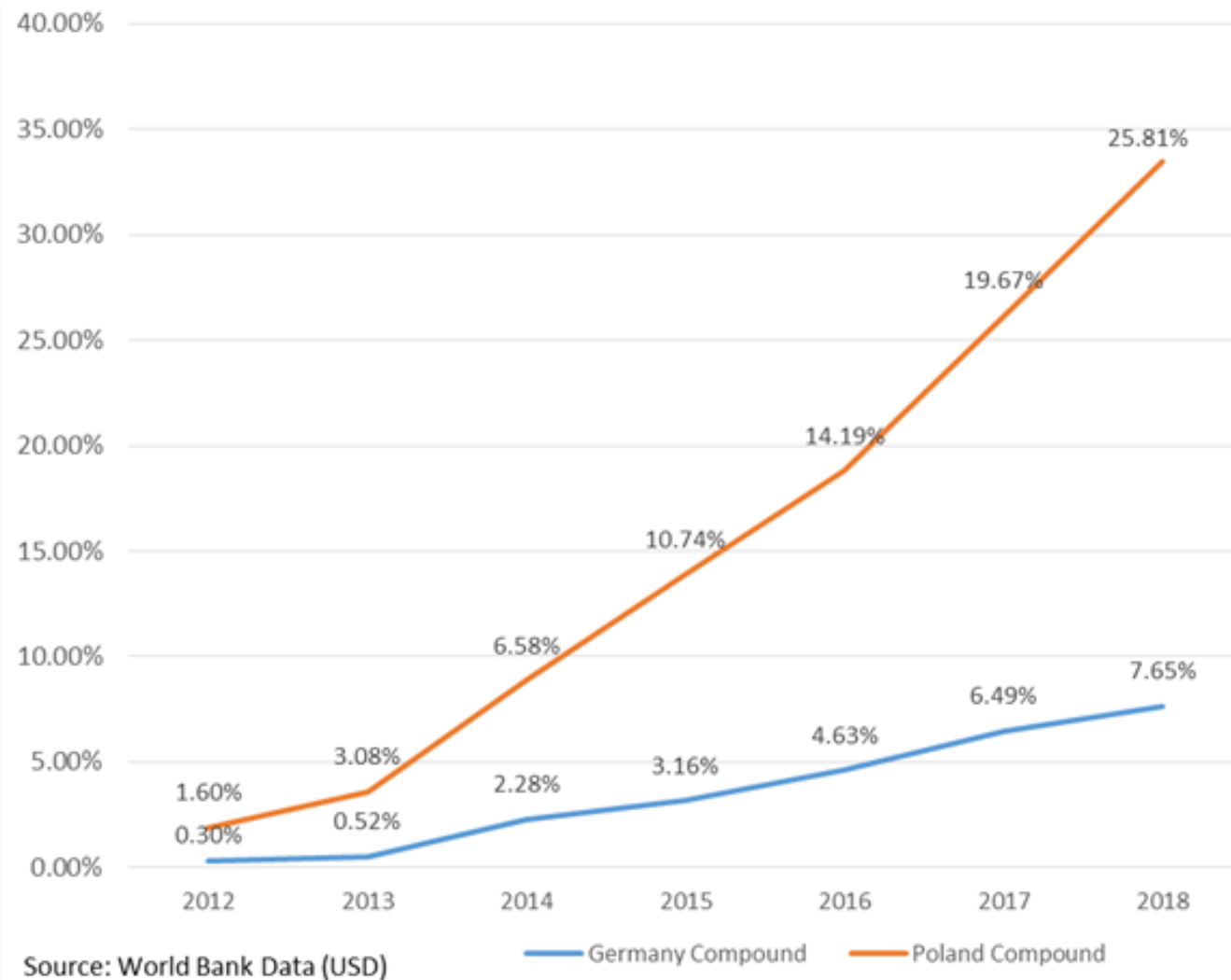
- Polish GDP per capita has grown 8.5x in 30 years; more than any other European economy.
- Only European economy that did not enter recession during last financial crisis.
- Growth in economy – leads to higher purchasing power and higher consumer spending – higher imports.
- Growth in economy - Improving production capacity and higher level of exports.
- Poland moving into top 25 exporters in world.
- GDP of Poland – top 25 economy in world. Top 4 large economy growth.
- In Gdynia I speak about Poland. In Czech, Slovakia and Hungary we have the same messages with different numbers.





Poland and Germany growth in GDP

- With the growth of the economies of Central Europe comes the need for better transportation services.
- Greater demand - investment - greater choice – better service – increased value – greater demand.

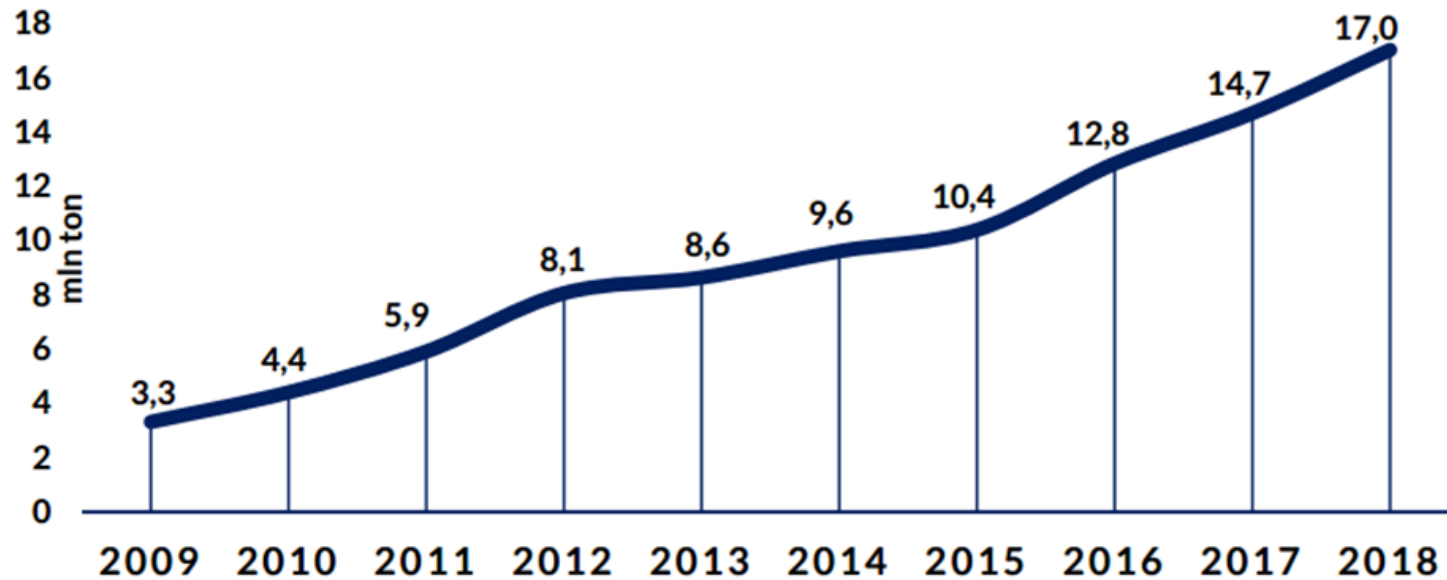




Increase in transport and Intermodal traffic

- Increase during 2018 in TEU of 15% year on year driven by Polish exports and by Asian transit volume
- Increase in port volumes Gdansk compared to large EU ports. DCT 2 million TEU today – forecast to double in 10 years.

Intermodal rail freight traffic in Poland, 2009-2018 years



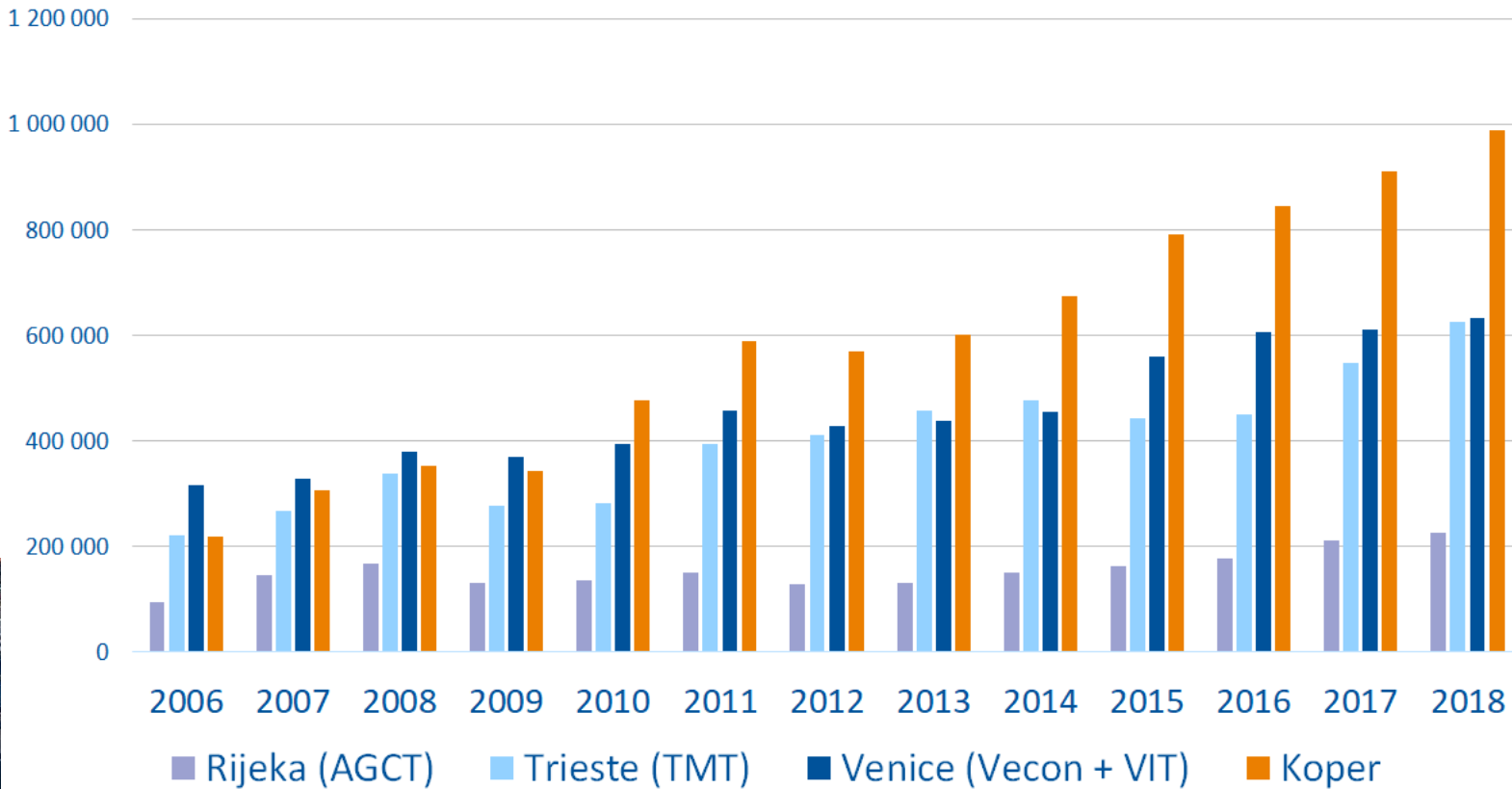


Market says what is right



Container throughput (TEU per year) of 4 biggest ports in the North Adriatic area

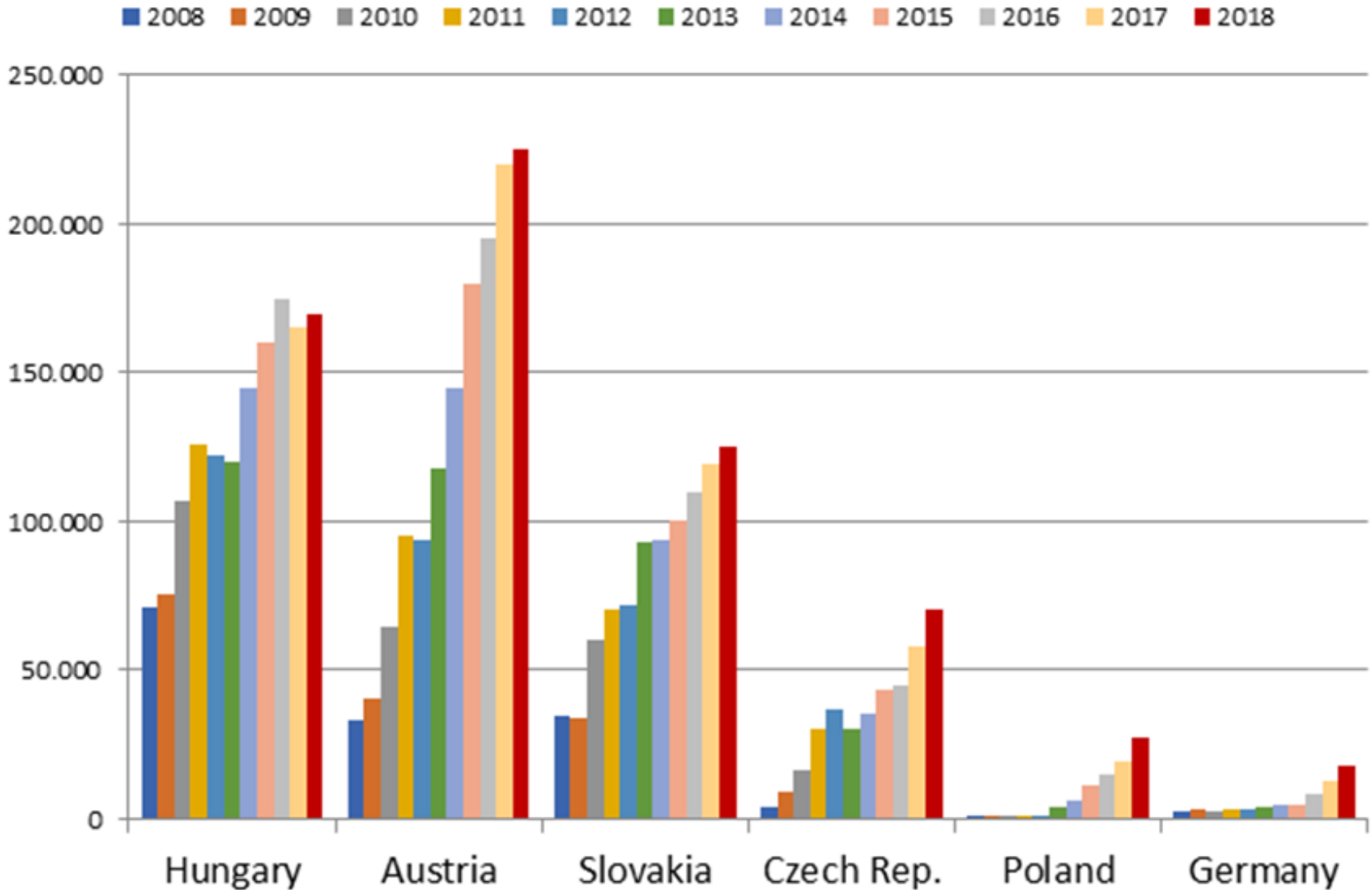
In 2018 Koper has reached 988 500 TEU



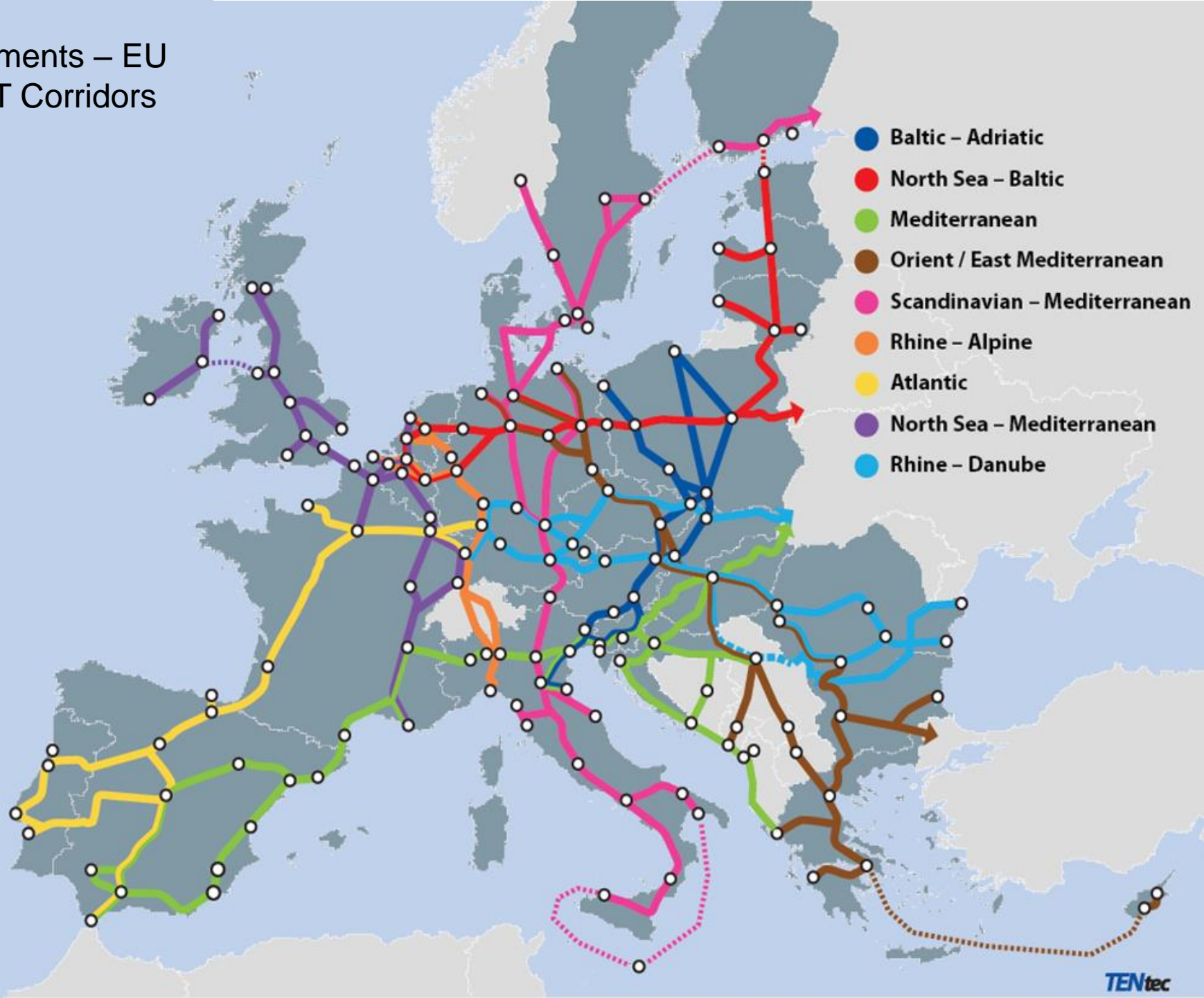
<i>Distance</i>	<i>Nautical miles</i>	<i>Kilometers</i>
Hong Kong to Hamburg	10 001	18 522
Hong Kong to Koper	7 764	14 379
	-2 237	-4 143
	-29%	



still a very long way to go.....



Investments – EU TEN T Corridors



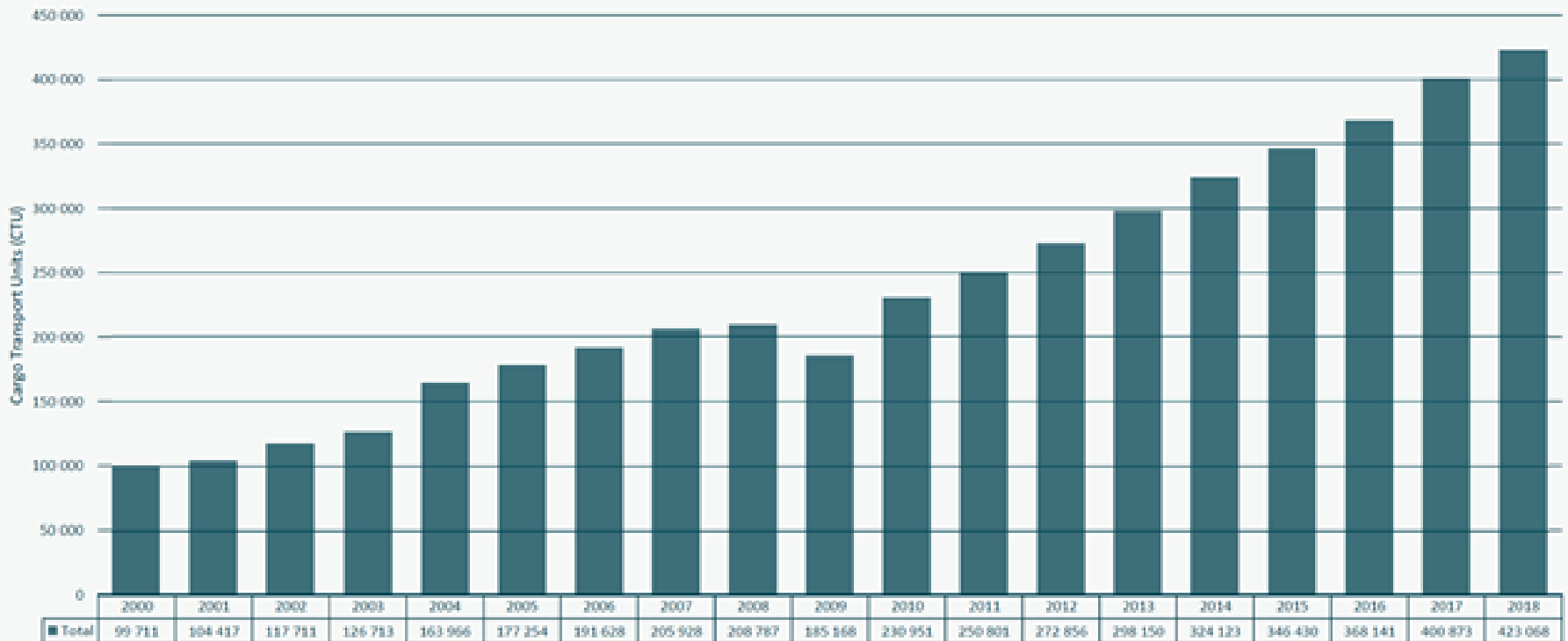


Rail Baltica is coming

- With its 25'000 passenges per day Helsinki – Tallinn is one of busiest ferry routes in the World
- 9 million passengers per year + 400'000 Ro-Ro units – equivalent to 25 trains a day!
- Traffic growth 400% since 2000

THE RISE OF VIA BALTICA

Estonia - Finland (RORO-market)





Investments

Rail Baltica

- Current biggest EU rail project
- 1000 km of European Gauge track from Tallinn to Warsaw
- Freight speed 120 km/h
- 1050m freight train length
- EUR 5.8 billion

Rail tunnel to Helsinki is being discussed.

The Baltic Adriatic rail corridor will finally justify the name.





Investments (continued)



- Second rail track to Port of Koper
- Railway station developments such as Gdynia and Gdansk
- Bigger, more efficient cleaner container ships – cheaper ocean rates
- New inland terminals - better pre/on carriage service quality – shorter last mile deliveries
- More container line services /consolidation of lines
- Renewal of railway rolling stock – new intermodal wagons
- New locomotives – E207 – Rail Polska

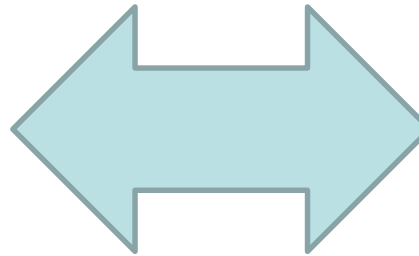
Winner of
Innovation
in Rail Transport
award 2019



Service Quality or Price?

Both of Course!

- Bigger Market
- More Volume
- Investment in systems and processes
- Investment in infrastructure and equipment

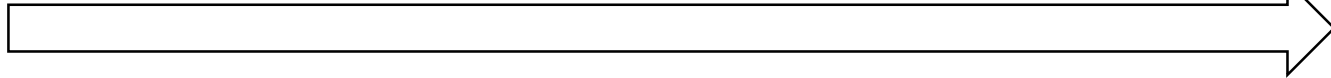


- More Services – More Choice
- Better unit cost – improved value
- Improved management information and communication
- Lower unit prices and improved reliability



10 years of trains between Koper and Poland

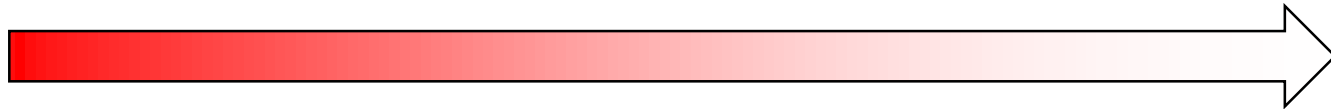
2012 2013 2014 2015 2016 2017 2018 2019 2020 2021



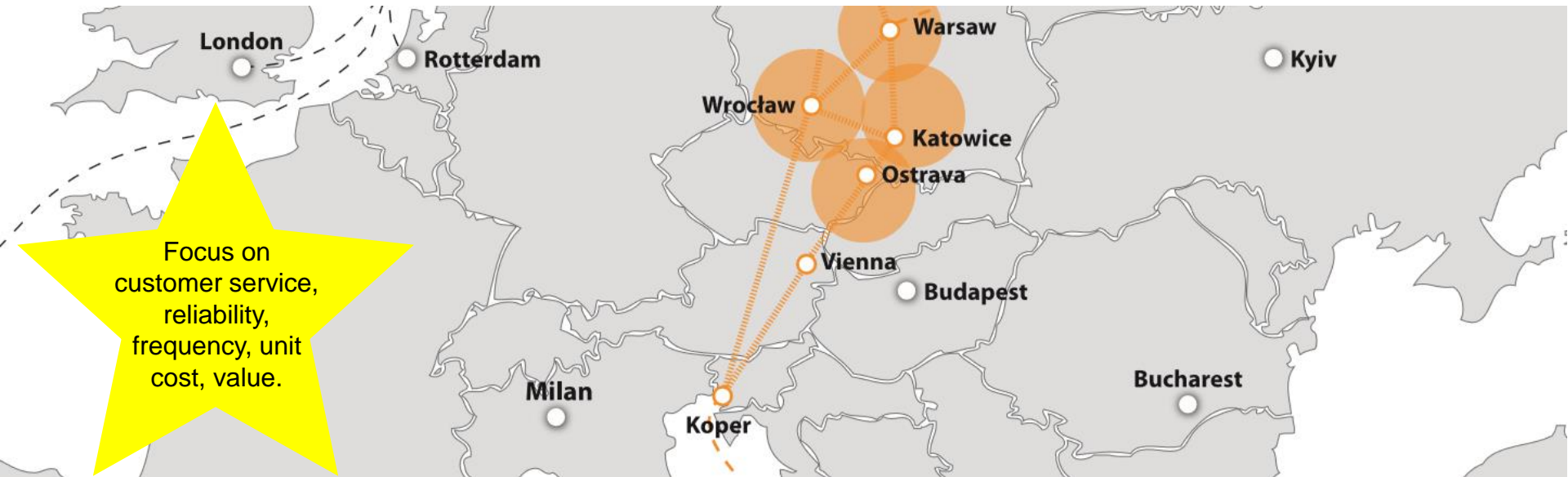
0-1 trains per week 1-2 trains per week 2-3 trains per week 3-4 trains per week



INCREASE in frequency, regularity, RELIABILITY, VALUE, flexibility, number of ocean and feeder services



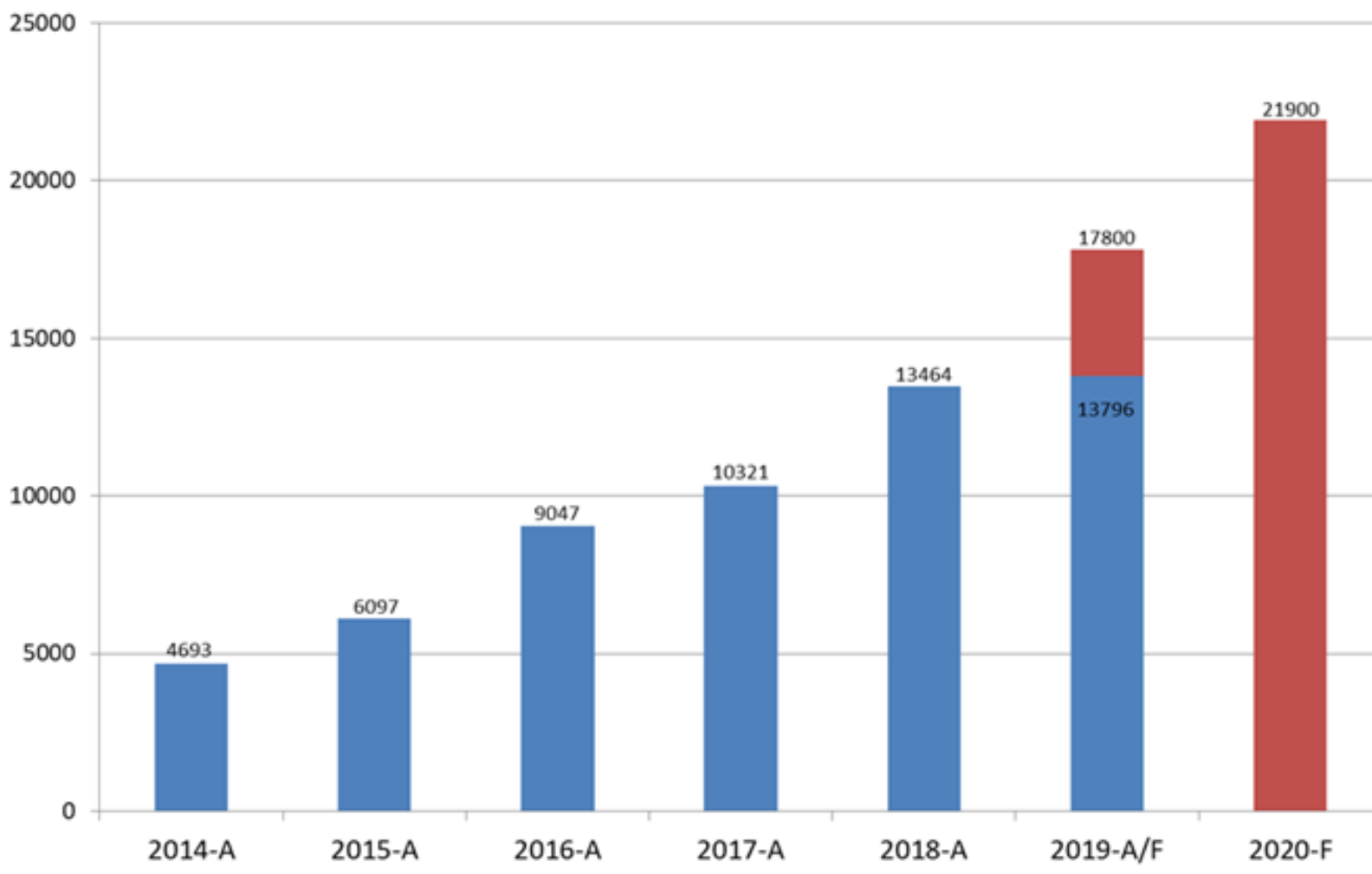
DECREASE in prices, lead time, turnaround time of equipment, RISK



Focus on customer service, reliability, frequency, unit cost, value.



Baltic Rail Intermodal train volume



TEU per year
6 years actual
+
2020 forecast





Conclusions

We have the economies

We have the market opportunity
– transport requirements are
growing

We are making the investments
– increasing the capacity and
service offerings

Shippers are seeing value and
switching solutions

Perhaps the Baltic Adriatic
Corridor is coming of age!





Fast access to the Center of Europe

- Over 25 mln people in the 180 km radius coverage area of 4 terminals
- Industrial heart of the Central Europe in the center of the continent
- Total market of Europe is 600 million people
- Markets of Poland, Czech, Slovakia are 55 mln people





You're always welcome

- Baltic Rail is an open and neutral train operator working with all shipping lines and all forwarders
- On the way back to Koper we can stop in Ostrava and Vienna on request
- Please send us your rate request to Sales@BalticRail.com and we will be happy to calculate the best possible offer for you

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