

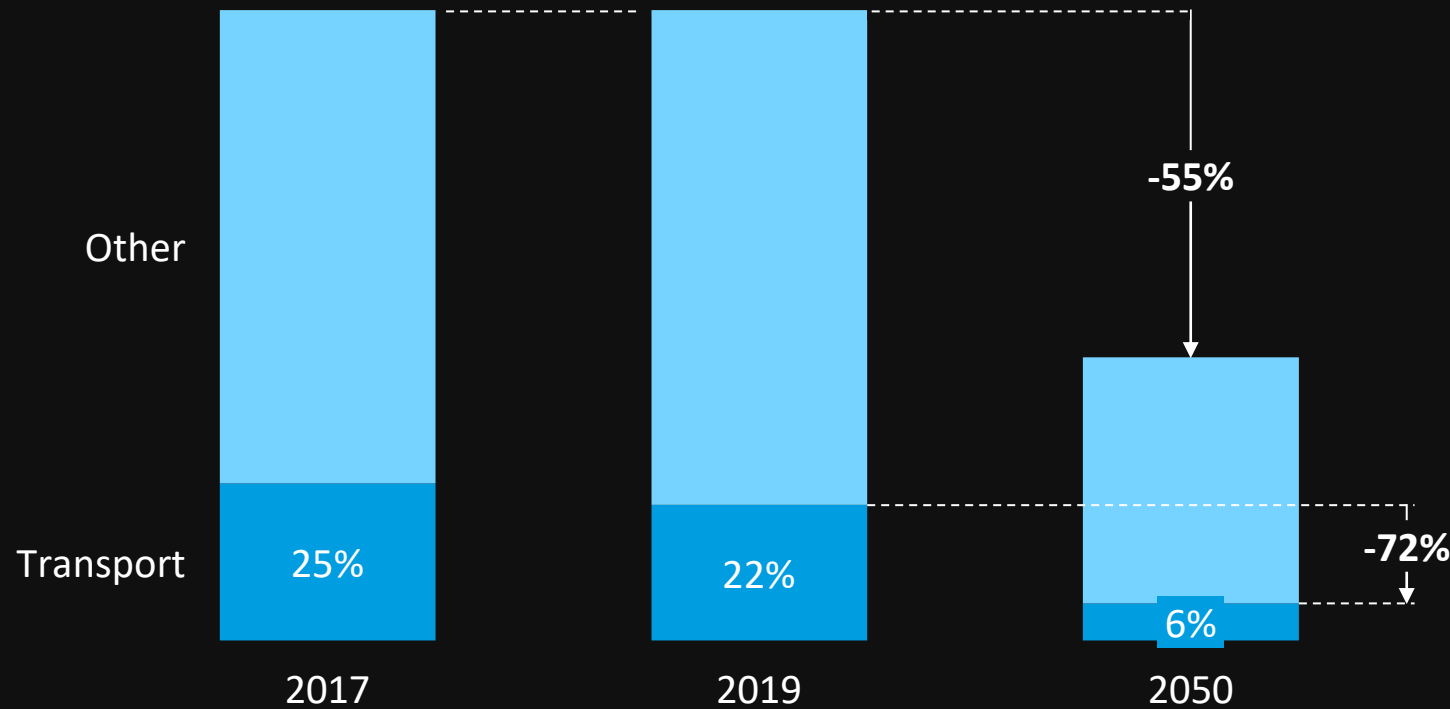
WHY EUROPEAN FREIGHT RAIL MUST EVOLVE

Keynote for Keepers' Summit 2023

June 2023

RAIL IS CRITICAL TO ENSURE PROGRESS IN DECARBONIZATION IN EUROPE

Current CO₂ emissions and planned reductions by 2050
As set out in the European Green Deal



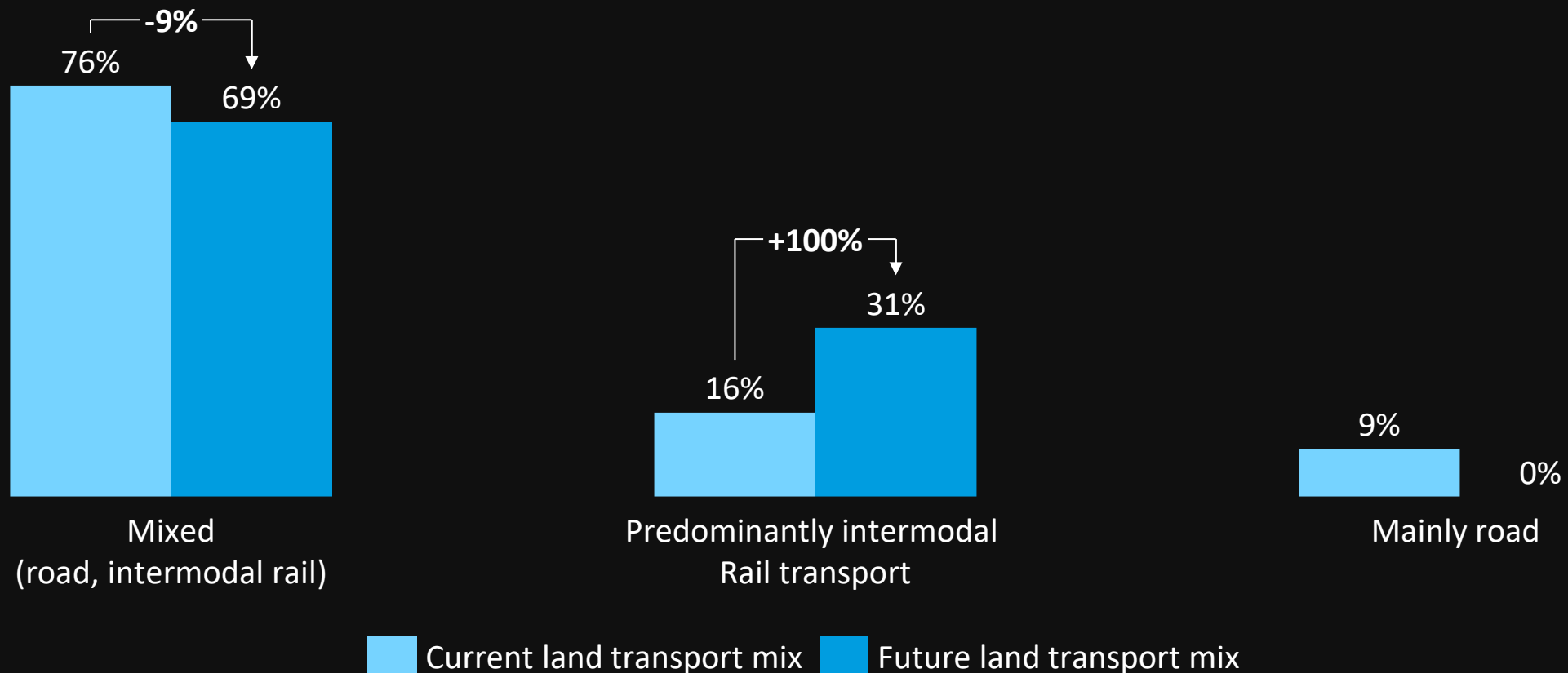
Comments

Rail offers benefits compared to trucking, including

- Higher fuel efficiency
- More efficient land use
- Less air and noise pollution
- Less congestion and wear and tear on roads

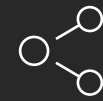
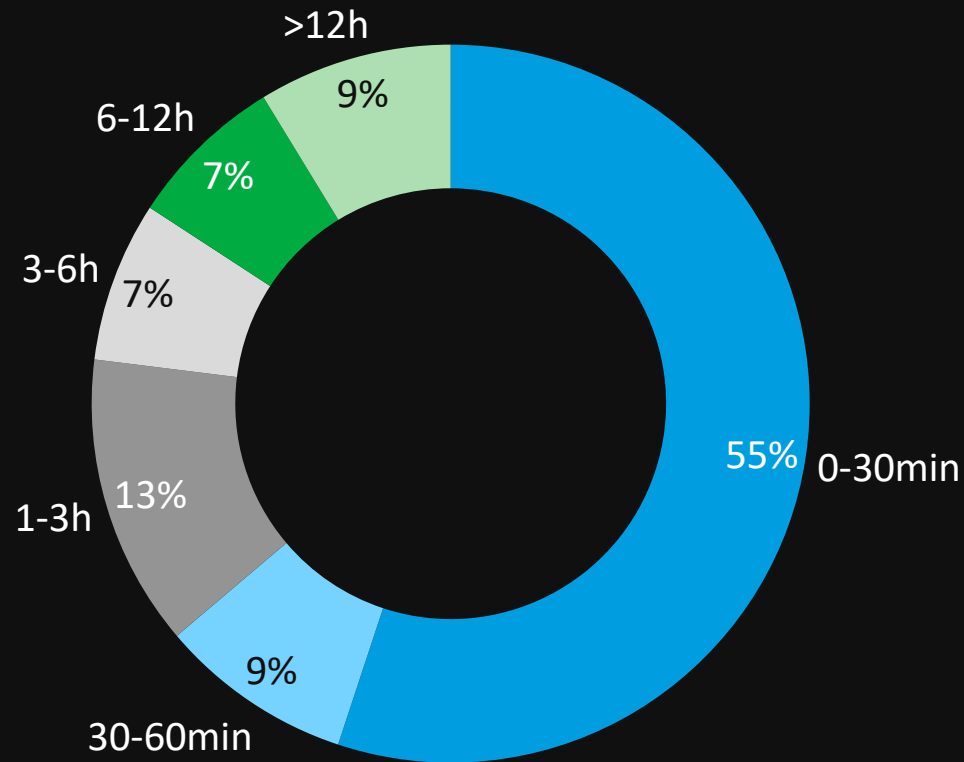
COMPANIES WANT TO USE RAIL IN ORDER TO DECARBONIZE THEIR SUPPLY CHAINS

Potential current & future transport mix
As per survey respondents



BUT FREIGHT RAIL IS NOT YET UP TO THE EXPECTATIONS... AND THE OPERATIONAL CHALLENGES ARE INCREASING

Examples for delays structure on the North South corridor for Intermodal (pre-covid)



More volatile traffics

(new supply chain requirements, technology shifts, new customer categories,...)



Capacity bottlenecks in mixed networks and for terminals



Modernization and retrofit of rail infrastructure

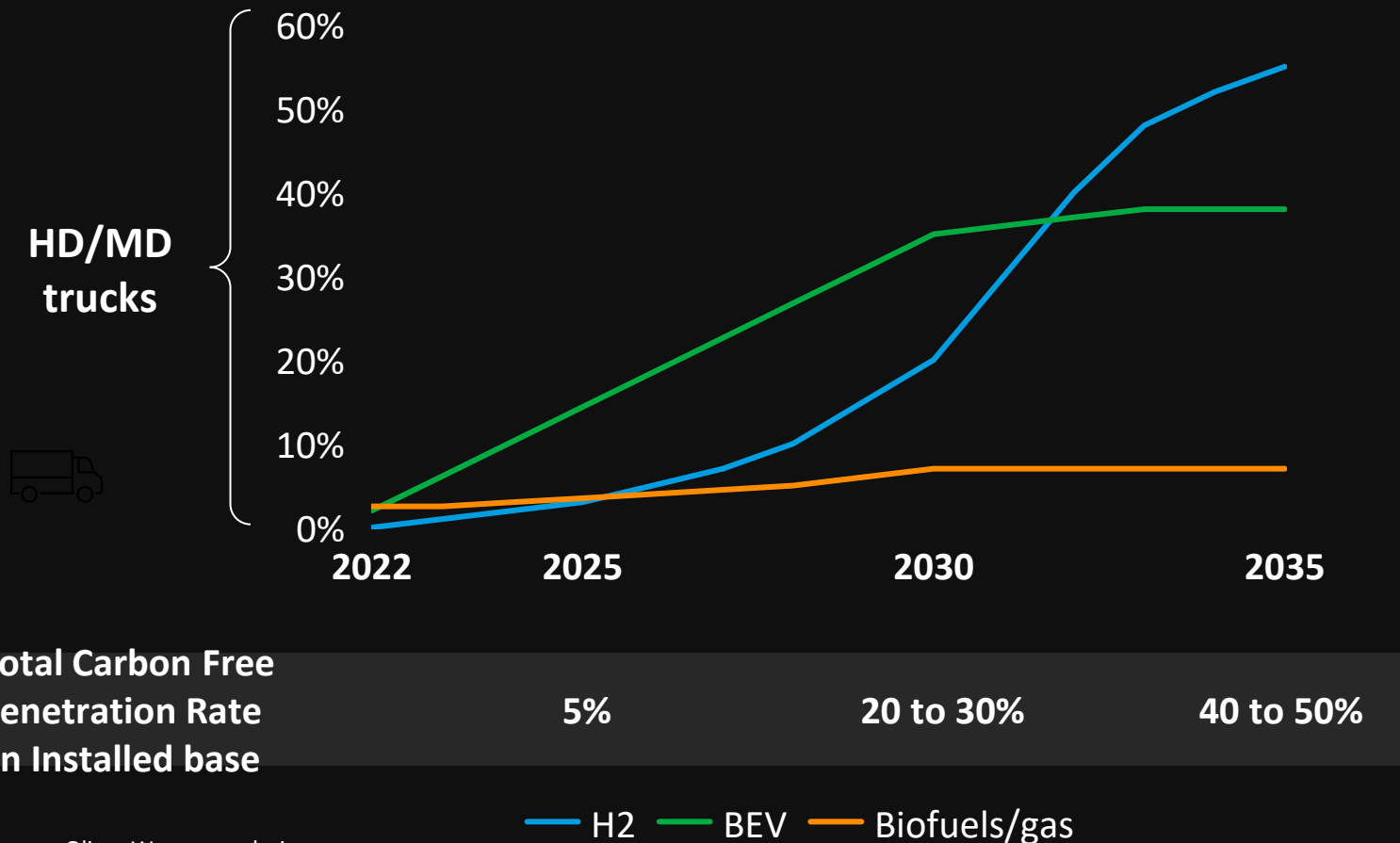


Skills shortage

WHILE TRUCKING IS MAKING STEADY PROGRESS IN DECARBONIZATION JEOPARDIZING RAIL'S ADVANTAGE

Oliver Wyman view on technology penetration

% of penetration on sales; limited to EU, US and China



FCEV more promising solution for long distances but will need 5-years before large commercialization

Biogas as relevant lever to decarbonize fleets in the short term but niche market

BEV represents the **main short-term solution** to face decarbonization pressures (return to base applications)

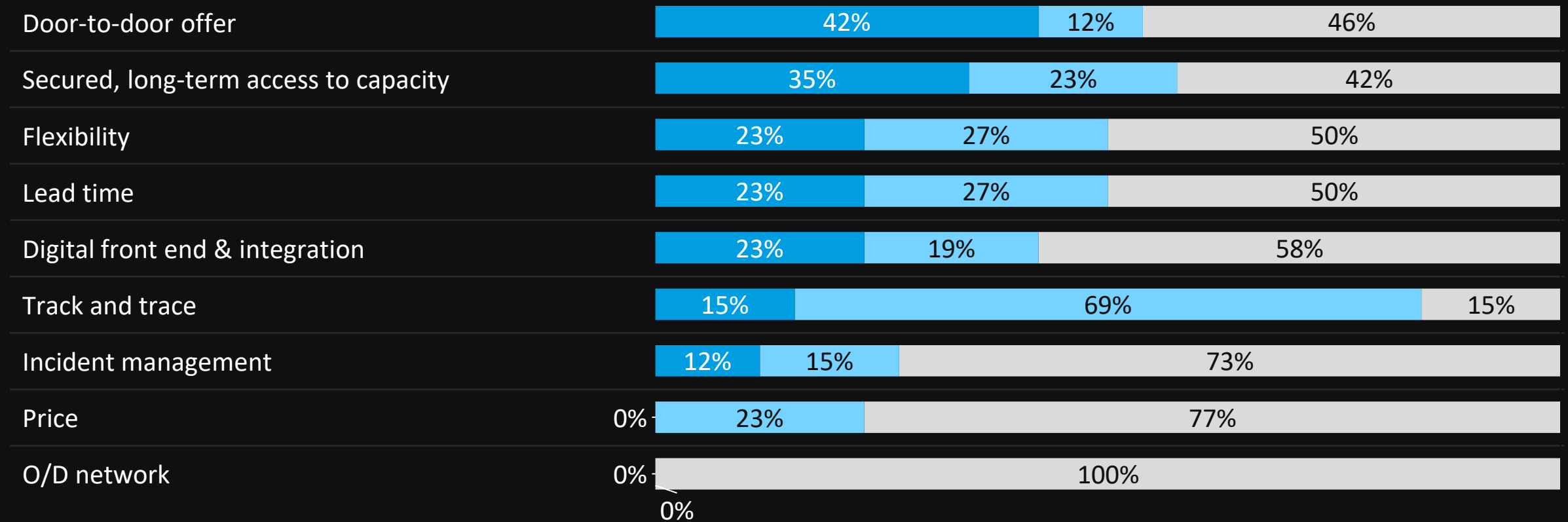
“BE MORE CUSTOMER CENTRIC”



NEW CUSTOMER EXPECTATIONS DRIVING MODE CHOICE INCLUDE COMPLETE TRANSPARENCY THROUGHOUT THE TRANSPORT CHAIN

Decision criteria for modal selection, manufacturing customers

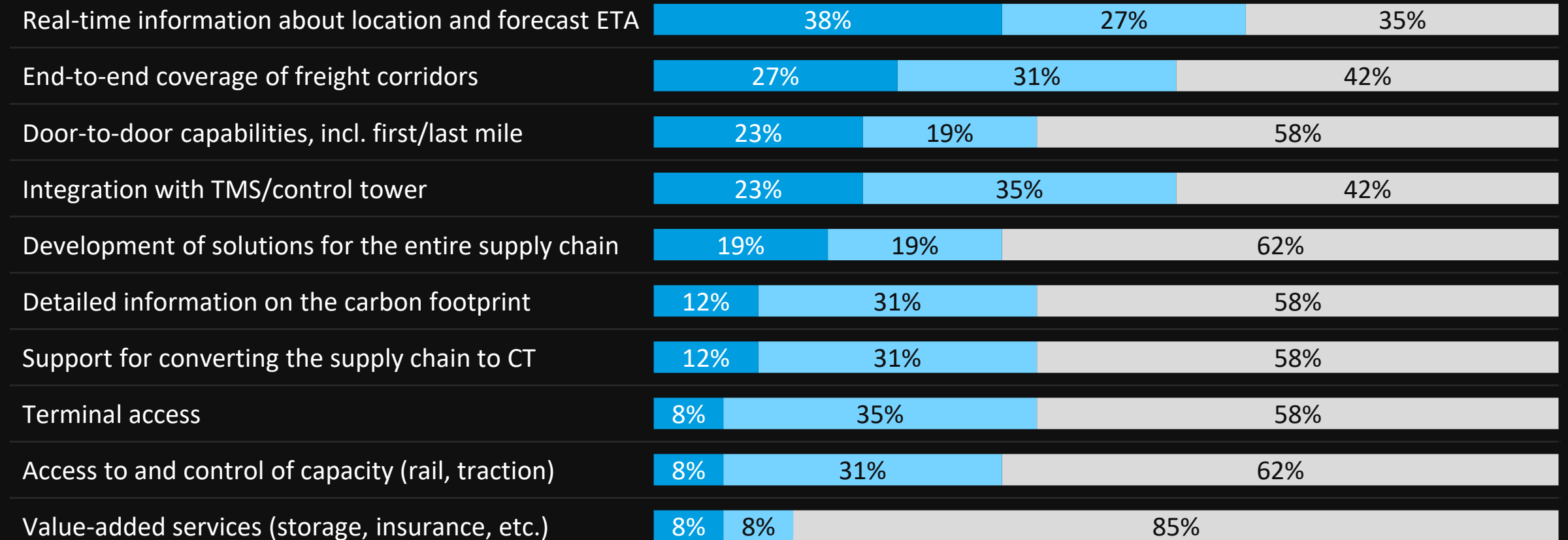
As per survey respondents



CUSTOMERS PLACE THE MOST VALUE ON THE AVAILABILITY OF REAL-TIME INFORMATION & END-TO-END CORRIDOR MANAGEMENT

Required rail operational capabilities, manufacturing customers

As per survey respondents



ETA= Expected Time of Arrival; TMS= Transport Management System; CT= Combined Traffic;
Source: Oliver Wyman survey

Very important Important Less important

SIX THEMES FOR DEVELOPMENT STAND OUT AS CRITICAL TO ENSURE RAIL COMPETITIVENESS IN THE FUTURE



Modernization through automation and digitalization



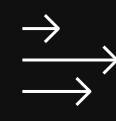
Increased flexibility



Less complexity and more customer-centricity



Solutions design competence



Corridor and construction management



Evolving the Rail Freight Ecosystem

KEY TAKEAWAY

Only by adapting to satisfy evolving customer requirements, reduce complexity, and improve service performance and reliability will rail freight operators be able to win share from trucking and play a larger role in helping combat climate change.

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