



DB Schenker Rail Scandinavia A/S

Challenges and possibilities
for future rail freight transport in Denmark

The company DBSR-Scandinavia A/S

DB Schenker as Eco-Pioneer

Eco-friendly logistics in Denmark

DB Schenker vision

About DB Schenker Rail Scandinavia A/S



- **Former DSB Gods**, acquired by DB in 2001
- Since 2007 a **joint venture** owned by DB Schenker Rail (D) and Green Cargo (S)
- We execute **freight transport** in the railway corridor between Maschen, Germany and Malmö, Sweden
- We provide **efficient, competitive** and **environmentally friendly** freight solutions in Denmark and we connect to our network all over the European continent
- We transport around **400,000 wagons** and more than **six million tonnes of freight annually** - which is equivalent to **1,100 fully loaded trucks every day**
- We invested **DKK 700 mill. in new locomotives** for cross border transport
- We have a fleet of 55 locomotives and we are 207 employees in Denmark
- We have almost **doubled the productivity** per employee since 2007
- We have yielded **positive results since 2007**

The company DBSR-Scandinavia A/S

DB Schenker as Eco-Pioneer

Eco-friendly logistics in Denmark

DB Schenker vision

In 2020, we will be Eco-Pioneer in the European transport sector – building on responsible behaviour

Eco-Pioneer



Eco Plus



Noise reduction

We will secure **social acceptance** of rail freight growth

We expand our **leading ecological position** through increased **eco-efficiency**



Train utilization



New technologies

We are **innovative and responsible pioneers**

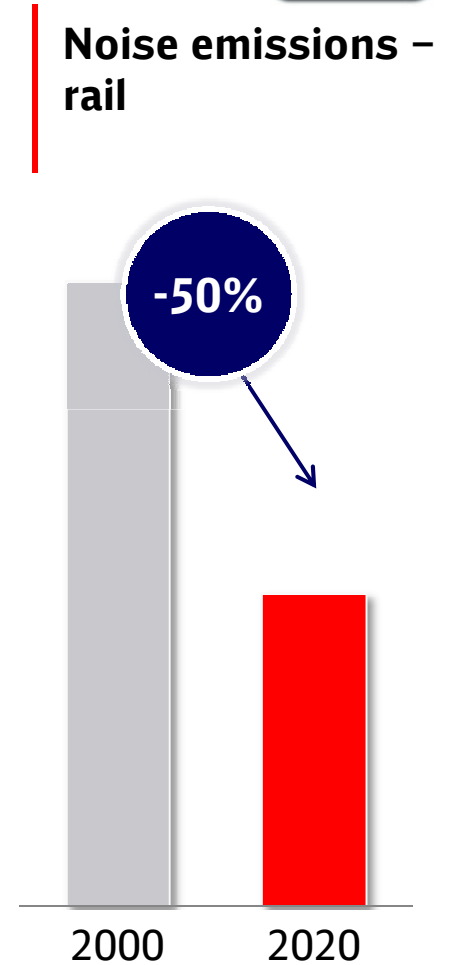
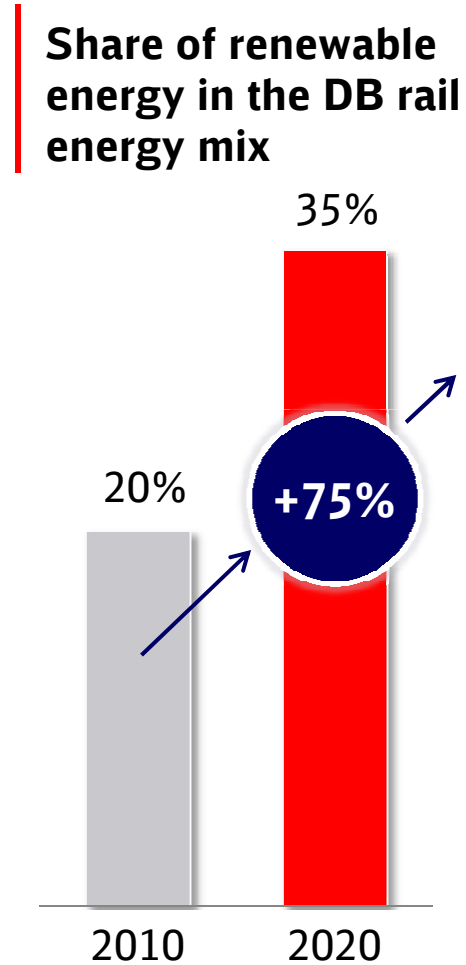
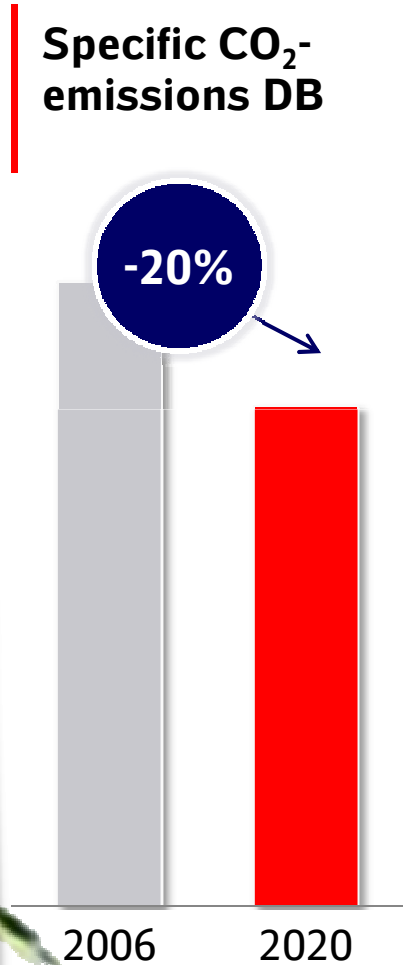


Energy-efficient driving

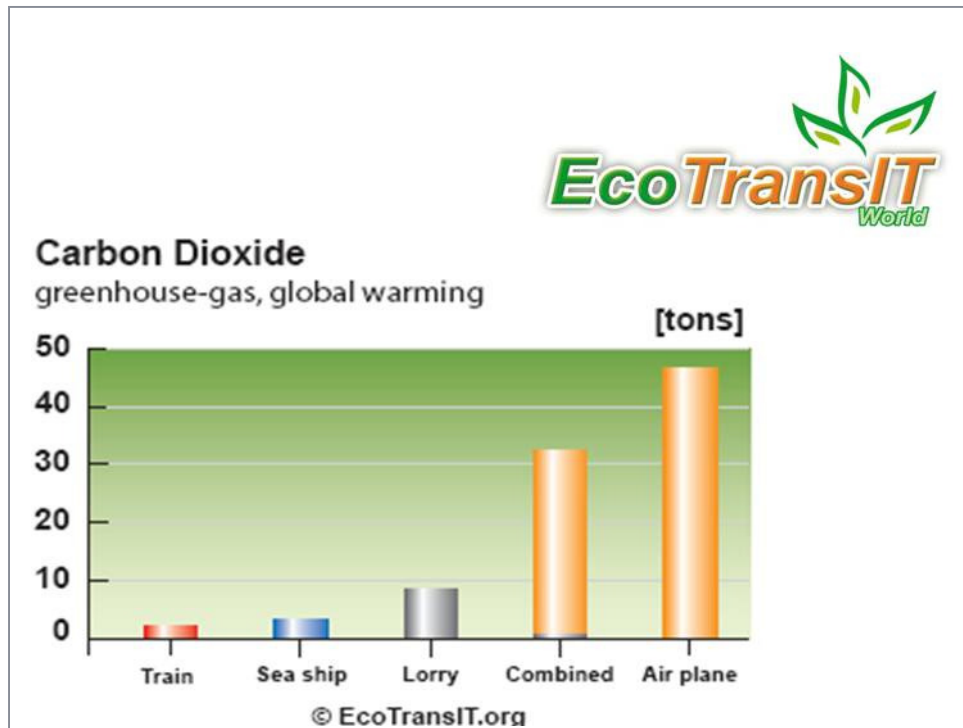
In the context of the strategy DB2020, we as DB Group set three environmental targets to become eco-pioneer



As an **eco-pioneer** our products set standards for the efficient use of resources



Eco TransIT: With the Eco Optimizer, DB Schenker offers CO₂ emissions calculation and optimization measures all-in-one



Eco Optimizer

- DB Schenker uses “EcoTransIT World” to calculate emissions of greenhouse gases and pollutants
- Emissions for a range of shipments can be calculated in one step to define the carbon footprint of companies’ logistic activities
- DB Schenker offers to optimize transport processes in terms of CO₂ reduction
- Service can be offered to all companies and business units of DB Schenker

DB Schenker supports its customers to achieve their own CO₂ reduction targets

Eco Solutions: DB SCHENKER *hangartner* and DB SCHENKER *railog* help to reduce CO₂ emissions by up to 60%



DB SCHENKER *hangartner* DB SCHENKER *railog*

- Combination of road and rail with one single logistics services provider
- Punctuality - no delays at borders or weekend restrictions
- Flexibility - centrally operating independent rail system
- Simplified transportation requirements
- Railog provides storage and just-in-time delivery

Customers can reduce CO₂ emissions by up to 60% compared to truck transportation

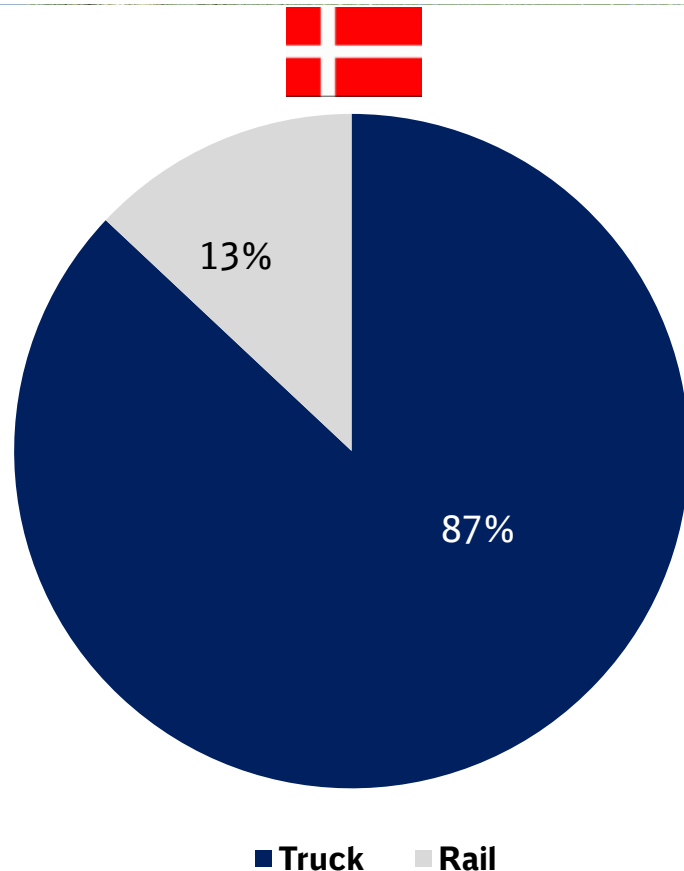
The company DBSR-Scandinavia A/S

DB Schenker as Eco-Pioneer

Eco-friendly logistics in Denmark

DB Schenker vision

We need a sustainable and supportive political environment to take rail freight to the next level...

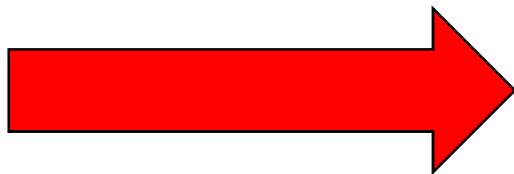
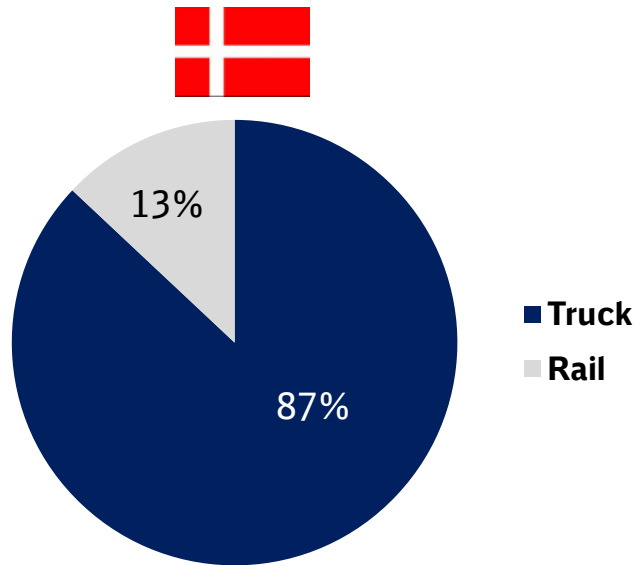


Current situation

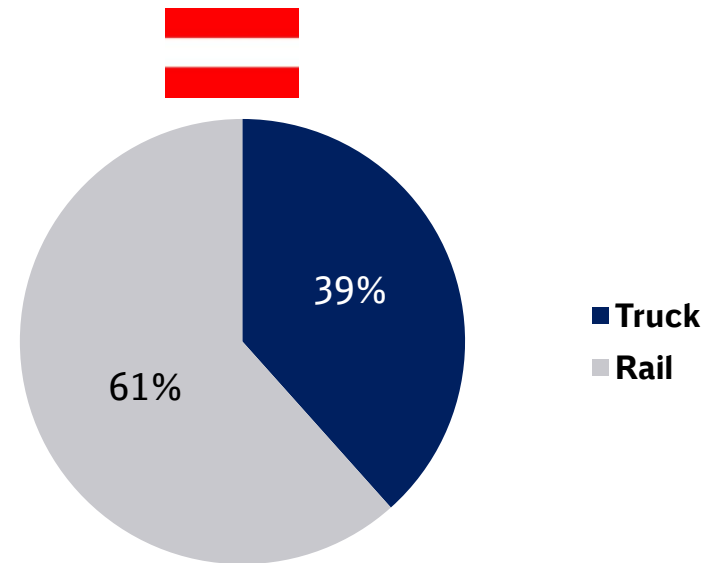
- Highly price sensitive market
- Competitive disadvantages for rail:
 1. Road-fees for trucks have been abandoned
 2. Highest rail-infrastructure cost in Europe
 3. Terminal-cost are 30 % higher than in other countries in Europe
 4. Paying infrastructure fees for cancelled slots
 5. No rebates on bridges as opposed to trucks
- Uncertain framework conditions e.g. environmental subsidy and ERTMS investment
- No masterplan for freight transport in and through Denmark
- Excessive socio-economic costs from increased road transport (e.g. pollution, wear and tear, accidents, etc.)

Result: Limited rail market share

...like in Austria, where the railway share of freight transport on land is 61%



Distribution of ton-kilometer between truck and railway in Austria



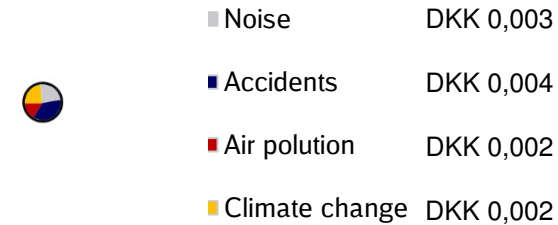
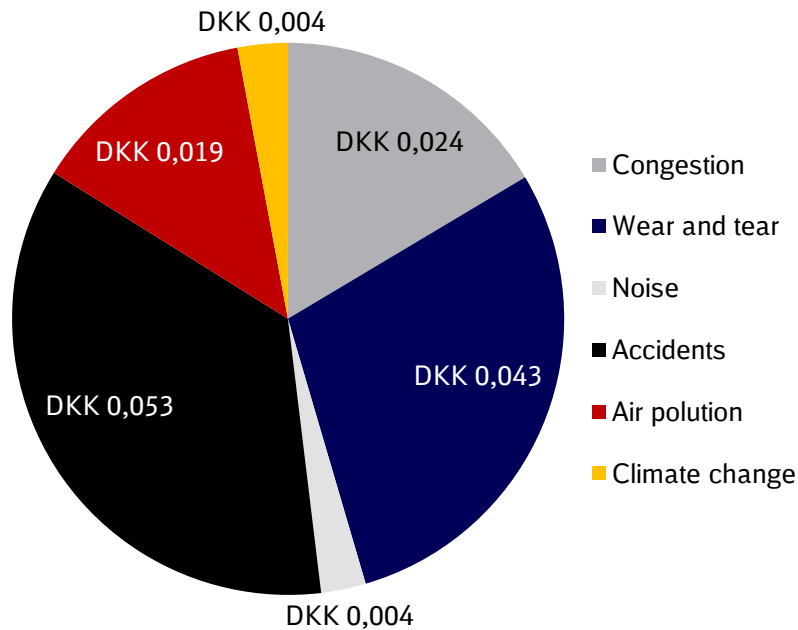
- Up to 30% subsidy for investment in trailers, swap bodies or containers for intermodal use
- Up to 50% subsidy for investment in terminals
- Road pricing → DKK 2,61 per km in average
- Various other intermodal incentives

A truck is 13 times more costly for society than a freight train

From the COWI report – “Putting value on the external costs of transportation”

Average truck load = 23,2 tons

Average freight train load = 659 tons



Cost for truck per ton-km is DKK 0,150

Cost for freight train per ton-km is DKK 0,011

For each ton-km switched from truck to freight train, the Danish society saves DKK 0,139

The company DBSR-Scandinavia A/S

DB Schenker as Eco-Pioneer

Eco-friendly logistics in Denmark

DB Schenker vision

Our vision: To move the future of logistics in Denmark...



Danish society will benefit from a sustainable, national freight network

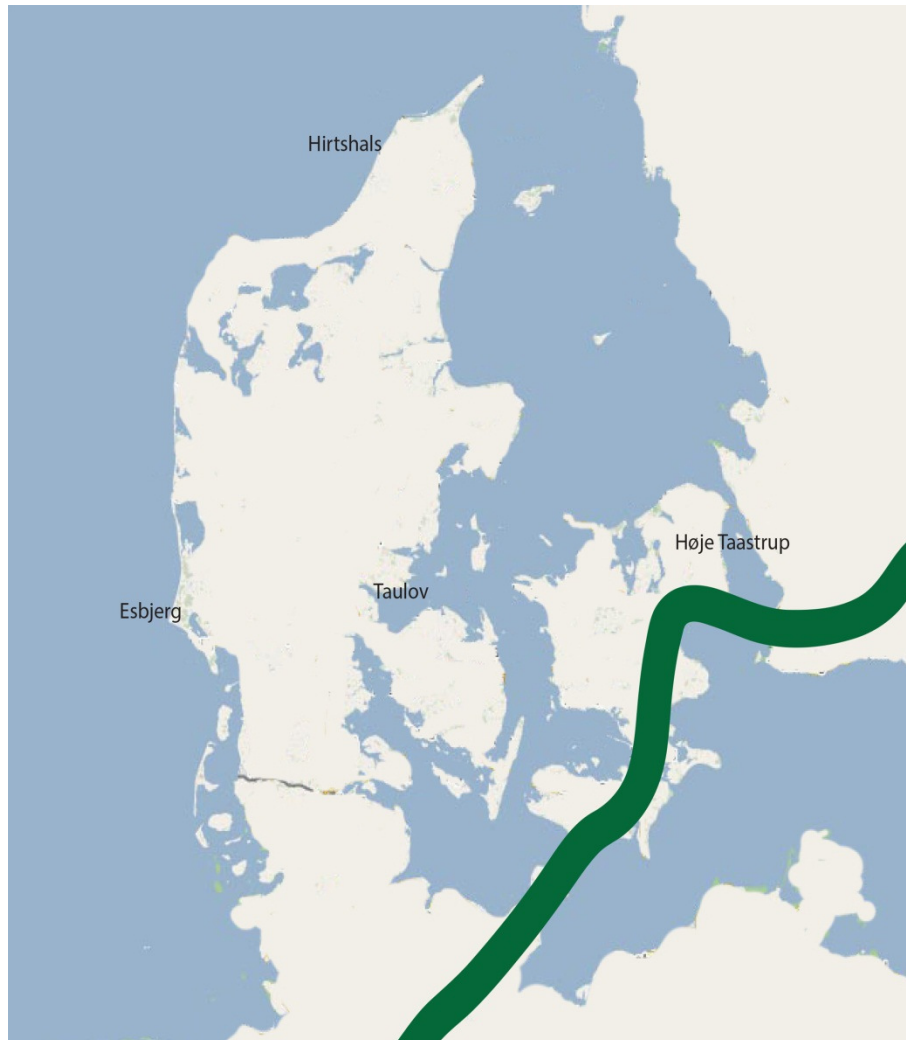


- **Equal playing field** for all modes of transport
 1. **Competitive pricing system** for the use of infrastructure to support intermodal transport
 2. **Competitive cost structure** at terminals to support intermodal transport

- **Investments**
 1. **Four efficient terminals** connecting north/south and west/east (Hirtshals, Esbjerg, Taulov and Høje Taastrup)
 2. **A masterplan for future investments** in rail infrastructure to avoid patchwork 'solutions'

- **Subsidies**
 1. **Support intermodal transport**
 2. **Offset infrastructure costs** for rail operators until a road pricing system is in place

Worst-case-scenario 2020 – if we don't do anything: Freight (together with jobs and revenue) will pass Denmark by

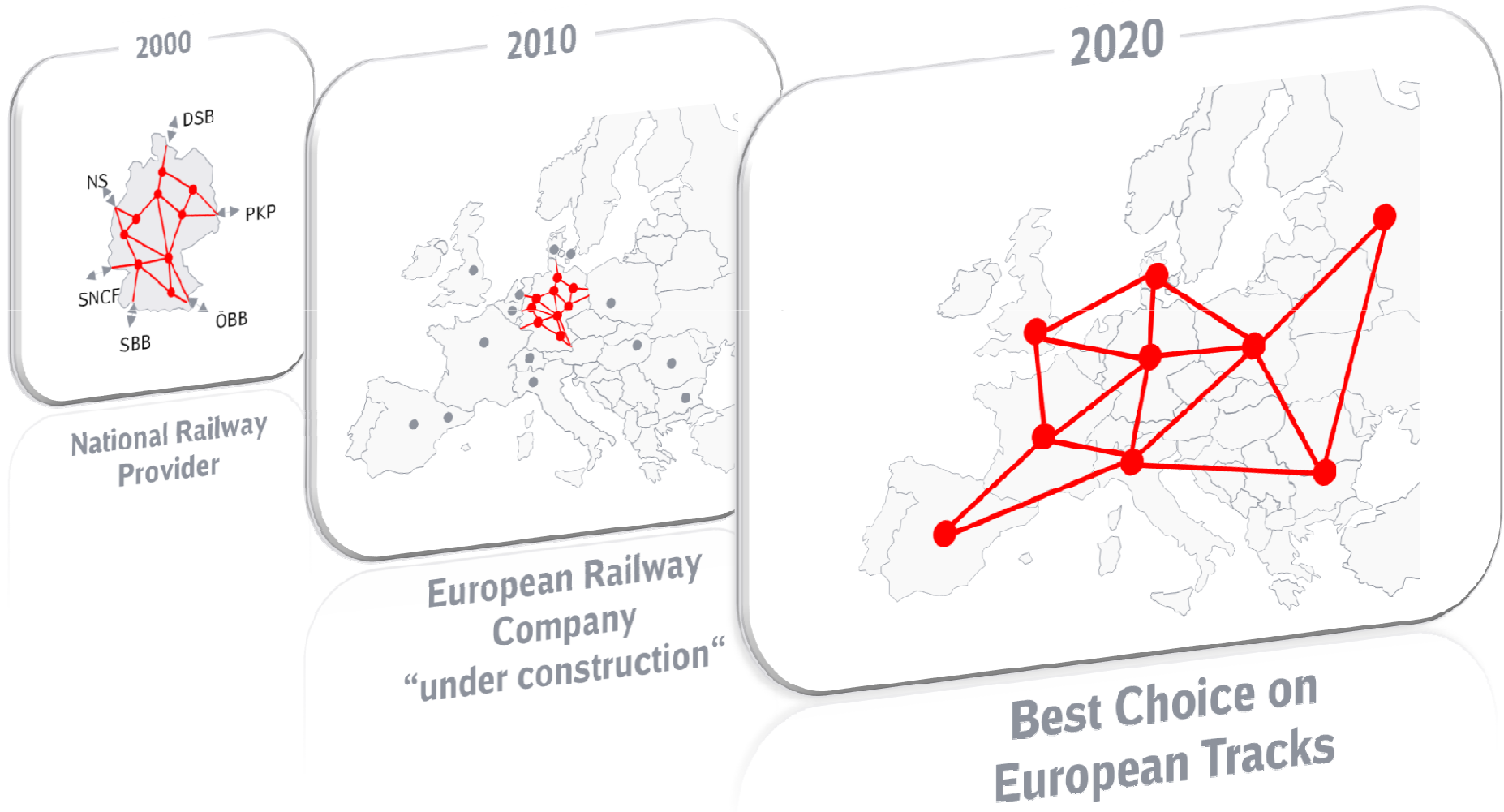


- Rail freight in Denmark will be **largely reduced to transit** across Sjælland via Femern Belt
- **Huge pressure** on rail stretches from Øresund through the Greater Copenhagen area
- **Increased truck share of freight transport** will overload motorways in Jutland and in the greater Copenhagen area
- **Esbjerg and Hirtshals harbours will not reach their full potential**
- **Denmark will miss out** on potential growth in sectors related to harbour and transport activities
- **Road congestion and pollution will increase** – and so will socio-economic costs for Danish society and the tax payers
- **Denmark will not be able** to establish themselves as the **Northern European hub** strengthening the **potential for long-term growth** in multiple sectors





Tak for opmærksomheden

Back Up

Our vision is to go “from patchwork to network”: DB Schenker Rail - Best Choice on European Tracks



DB Schenker contributes to DB's CO₂ reduction goal for 2020 with clearly defined targets and measures for all its business units

Challenges	Unit ¹	Measures
<ul style="list-style-type: none"> ■ Transport sector causes 23% of world wide CO₂-emissions ■ DB has the aim to reduce 20% of specific CO₂ emissions by 2020 ■ To support CO₂-reduction different measures have been identified for each transport mode ■ In addition eco efficiencies support target achievement (e.g. paperless transport and Eco Warehouse Efficient) 	Rail 	Reduct. spec. energy consumption -19% Fleet modernization -7.5% Eco Driving and Free Float -7.5% Utilization -4%
	Land 	Reduction spec. CO₂-emissions -26% Target-realization for Norway, Sweden -14% Fleet modernization -7% Eco Driving -5%
	Air 	Reduction spec. CO₂-emissions -25% Fleet modernisation Carrier Further operational lever (Carrier)
	Ocean 	Reduction spec. CO₂-emissions -15% Fleet modernisation Carrier Further operational lever (Carrier)

¹ Without Contract Logistics, as no significant share of total emissions

Source: GSL

Increasing the railway share of freight transport may result in major cost savings for Danish society

