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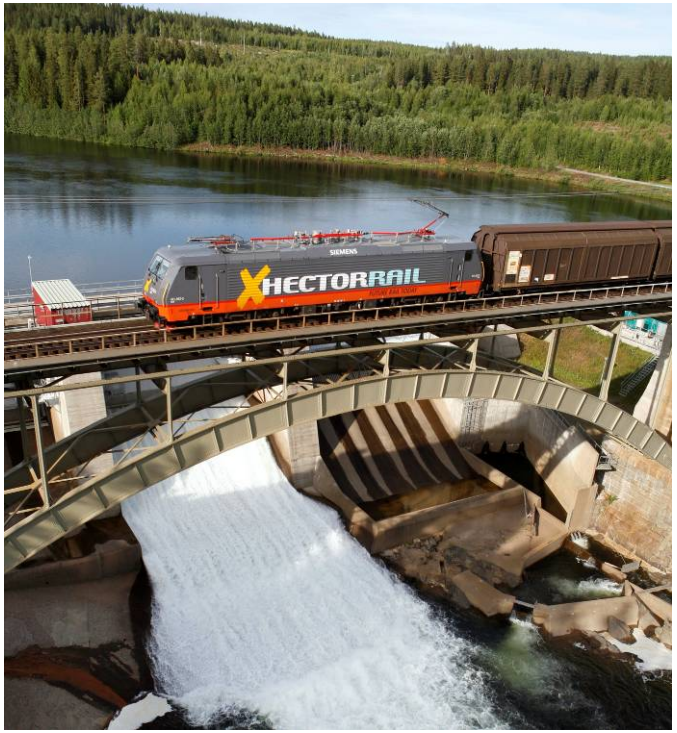
Presentation

Clear business model

- Independent line-haul traction between facilities/ terminals of
  - industrial shippers
  - freight forwarders
  - intermodal operators
  - passenger traffic operators
  - other railway companies.
- Within traction concept, we also offer:
  - Wagons (rented during contract period)
  - Shunting
- Operator in Sweden, Norway, Denmark and Germany

Focus on our key assets



- Satisfied customers
- Competent drivers
  - Employed directly by Hector Rail
- Competitive locomotives
  - Hector Rail has a customer oriented approach on the loco fleet
  - Hector Rail takes the ”life time” responsibility for its locomotives

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Operation in four countries

- **Customers**
  - SCA
    - Timber
  - Stora Enso
    - Timber
  - Scand Fibre Logistics
    - Paper
  - Samskip Van Dieren Multimodal
    - Trailer, Container
  - Veolia Transport
    - Passenger traffic
  - SCA Transforest
    - Craft liner
  - SCT Transport
    - Containers
  - DB Schenker Rail Deutschland
    - Steel
  - Captrain Solutions
    - Trailers
- **100 000 train km/week**

Loco fleet (September 2014)

										
Class		Hector Rail 141	Hector Rail 142	Hector Rail 143	Hector Rail 161	Hector Rail 241	Hector Rail 242	Hector Rail 441	Hector Rail 941	Hector Rail 942
Axle config		Bo'Bo'	Bo'Bo'	Bo'Bo'	Co'Co'	Bo'Bo'	Bo'Bo'	Bo'Bo'	B'B'	B'B'
Number		3	11	8	6 *)	12	7	2	2	2
Weight	ton	86	84	77	129	84	85	86	90	88
Axle load	ton	21,5	20,9	19,2	21,5	21	21,2	21,5	22,5	22
Power	kW	6400	4000	3600	5400	5600	6400 (7000)	6400	2700	1180
Tractive Effort	kN	275	225	235	420	300	300	300	300	295
Max speed	km/h	160 (230)	150	160	120	140	230	140	120	100
Approval		SE	SE	SE	SE, NO	SE, DK, DE, NO	SE, DE, AT	SE	SE, NO (DK, DE)	SE
Year of manufacturing		1996	1972-75	1969-71	1967	2007-2011	2000-2002	2005	2005	1995

*) Thereof four in operation

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EQT: Responsible owner and investor with a growth focused approach

EQT in Brief

Founded 1994 together with Investor AB and SEB

Stockholm HQ – 19 offices and more than 300 employees

EUR 22 bn committed capital, , mainly from institutional investors, in four investment strategies – Equity, Infrastructure, Mid Market and Credit

Signatory of the UN PRI

Invested in 120 companies – exited 60

EQT portfolio companies have total sales of around EUR 25 bn and more than 500,000 employees

Business Model in Brief

Develop good companies into great sustainable businesses

Invest in portfolio company's growth, innovation and change with a long-term perspective

Access to a strong global network of Industrial Advisors – competence from sectors and situations to support portfolio company development

Proven governance model with clear division of responsibilities between management, board and EQT

Selected Investments

Anticimex – TO PREVENT AND PROTECT
XXL sport & willmark
Coromatic Group – securing business as usual
ISS
NORD – for a cleaner tomorrow
Scandic
tampnet
ATOS MEDICAL
swede gas
IP-ONLY
swiss smile
SSP – The Food Travel Experts
eew – Energy from Waste
KOOLE
ADVEN – Advanced Energy Solutions

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Future development

- Improved customer offer
  - Service level
  - Quality level
  - Price level
- Infrastructure
- Digitising
- Rolling Stock
- Organisation
- Ownership

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Infrastructure

- Service level
  - Higher speed
- Quality level
  - More reliable
  - Higher capacity
- Price level
  - Longer trains
  - Higher axle loads
  - Higher weights per meter
  - Bigger profile

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Rail can be Europes fastet mode of transport

- The technology is there
  - Freight trains are already run in 160 km/h

Diameter is 1500 kms,
With 100 km/h average
It can be reached within
15 hours,
e.g. dep 19:00, arr 05:00
A-B connection from south
Sweden to north Italy

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Digitising

- Service level
  - Supervision of the cargo during transport
  - Influence cargo comfort etc during transport
- Quality level
  - Better communication on disturbances etc
- Price level
  - Locos/trains/drivers/infrastructure communicates with each others
    - Reduces costs, reduces downtime, increases utilisation etc

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Rolling Stock

- Interoperatbility
- Last mile function
- Increased traction
- Increased speed
- Improved braking systems

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Conventional wagons

Conventional wagon

- Volume: 7,2 m3/m
- Load capacity: up to 7 ton/m (Habbins 2,7 ton/m)
- Load weight/Total weight: 71 %
- 2.7 EUR/pallets/m
- Tare weight/pallet space: 420 kgs

Multimodal solution

- Volume 2,9 m3/m (with Mega trailers)
- Loading capacity: 1,7 ton/m (29 ton in a trailer) or 2,5 ton/m for 20 foot containters
- Load weight/Total weight: 56 %
- 1.9 EUR pallets/m
- Tare weight/pallet space: 710 kgs

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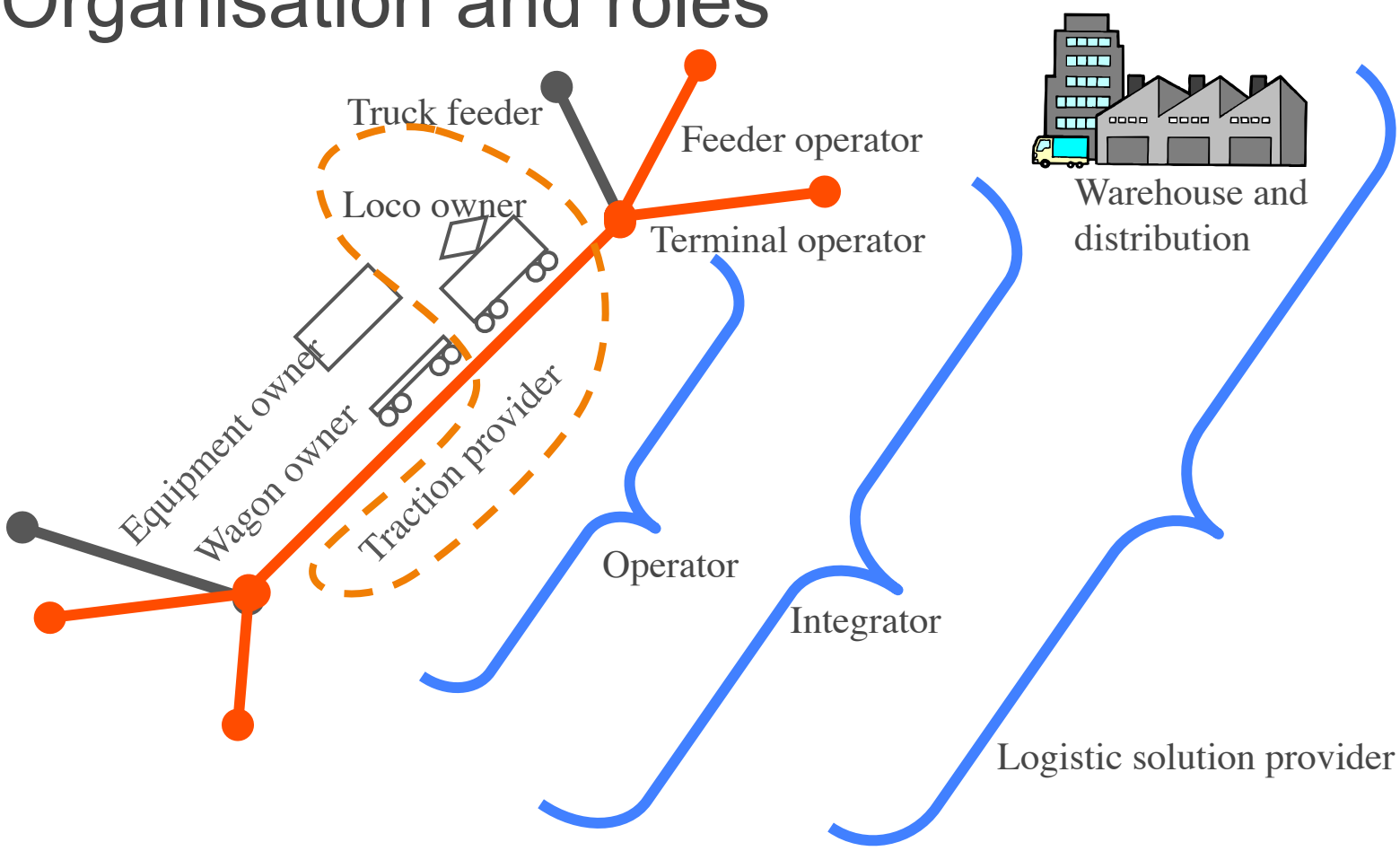
Organisation and roles



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Focused or full service

Focused

- Focus on core business
- No problems that partners could see you as potential competitor
- Can always be part of most value creative solution (together with partners which covers other parts of the value chain)

Full service

- Can have end customer contact and provide total solution (this role can, however, also be held by a co-ordinator)
- Can create bigger margins with integrated offer (but risks to lose as all in-house parts may not be the most competitive or optimal)

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Railway deregulation 2.0 (expected)

- Full competition
  - Also new entrants competes heavily with each other
- Customers expect similar service level from new entrants
- Mergers between different new entrants to reach critical mass and geographical coverage (e.g. R4C and Veolia and DLC and Crossrail)
- Strike back from incumbents
- But also more mature behaviour, accepting competition as something normal

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Railway deregulation 2.0 – what really happened

- Incumbents buy New entrants in foreign countries
  - DB: PCC, EWS, ECR, (BLS), (Nordcargo) etc
  - Trenitalia: TX Logistik
  - SNCF: ITL, Veolia Cargo (ex R4C)
- Incumbents becomes “New entrants” outside their home territory and starts competing with the domestic incumbent
- Consequently private rail operations has decreased in volume

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States own more railways today– but: railways need another owner structure

- Is there any reason why a state would be the best owner of a railway company?
- A State can be the right owner for domestic monopolies
- States are not the right owners in a competitive market
  - Risk for expecting to small returns in the business which makes the business sector less attractive to professional investors
  - Worst case: State subsidies
    - Why should tax payers (risk to) subsidize an international freight company?