

2020



# RAIL FREIGHT- CURRENT DEVELOPMENTS OF THE COVID-19 CRISIS IN EUROPE

Transport market scenarios and impact on operators, rolling stock owners and the railway industry



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## 1 Continental Europe

### 1.1 Overview



Socio-economic data 2019
Population (mn)
CAGR Population 2018-23 (%)
Degree of urbanisation (%)
GDP per capita (PPP, USD)
GDP (current prices, USD bn)
CAGR GDP (real) 2018-23 (%)
Rail infrastructure 2019
Mainline railway network (km)
Transport market
Transport performance 2019 (billion tkm)
Rail modal share 2017 (%)
Share of incumbent 2018 (%)
Share of competitors 2018 (%)
Passenger rail fleet 2019
Freight wagons (units)
Electric locomotives (units)
Diesel locomotives (units)

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### 1.2 Current developments

Operator	Development Q1 2020
BLS Cargo	– In Switzerland, BLS Cargo, the largest competitor to the incumbent SBB Cargo, stated that the company expects ....
DB Cargo	– Despite the reduction in transport volumes, the German rail freight market leader DB Cargo ...
Fret SNCF	– Fret SNCF, the French incumbent, reported decline ...
X	–
Y	–
Z	–

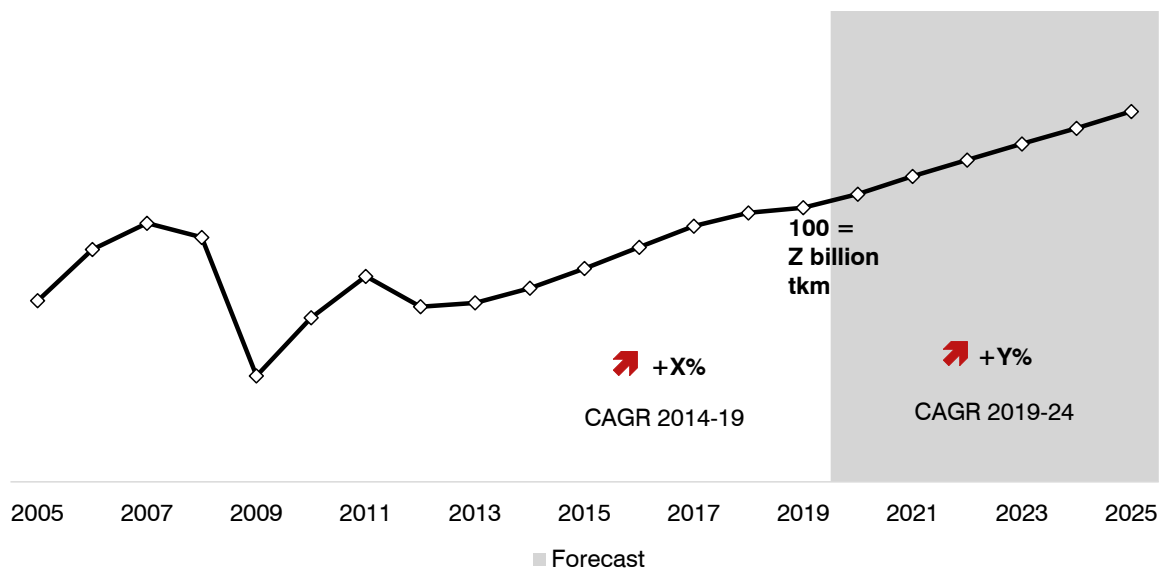
Transport segment	Extend of COVID-19 effects	Comments
Agriculture	■□□	– Demand for agriculture goods and food ...
Coal	■□□	– As coal is used mainly for production of energy, the sector ...
Ores	■□□	– ...
Wood	...	– ...
Petroleum	...	– ...
Chemicals	...	– ...
Construction	...	– ...
Steel	...	– ...
Automotive	...	– ...
Intermodal	...	– ...

Relevance for transport performance: ■■■ = very high, ■■■ = high, ■■■ = medium, ■□□ = low, □□□ = none

### 1.3 Development of transport performance

#### 1.3.1 Pre-COVID-19 forecast

**Continental Europe: rail freight performance pre-COVID-19**  
[tkm, Index 100 = 2019]



Source: Eurostat, Forecast: SCI Verkehr Q4 2019; 2019 are estimated figures.

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...

**Continuous growth was expected due to the increasing transport performance in almost all markets.** The ongoing rise of intermodal transport was a main driver of transport in these and other European regions. Pre-COVID-19 crisis, SCI Verkehr expected rail freight transport to grow by Y% p.a. between 2019-2024.

...

## Main drivers of transport performance

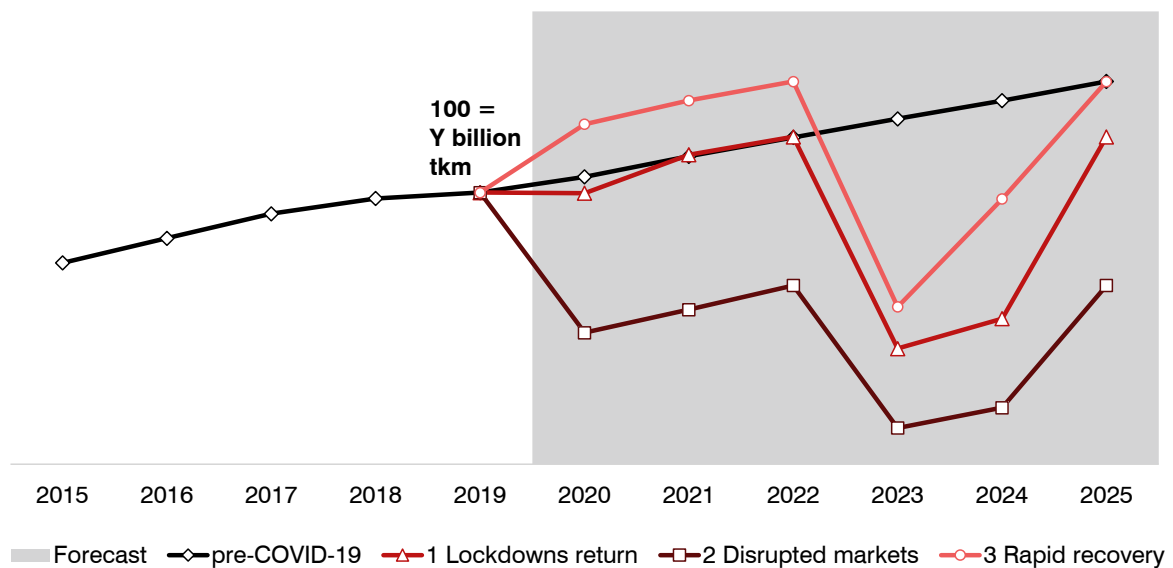
Drivers	Brief description	Relevance	Trend
Demand for freight transport	– Intermodal transport is the most important rail transport segment and rose ...	■■■	↗
Rail promoting subsidies & measures	– ...	...	...
...	– ...	...	...

Relevance for transport performance: ■■■ = very high, ■■■ = high, ■■■ = medium, ■■■ = low, ■■■ = none  
 5-year trend: ↑ = strongly increasing, ↗ = increasing, → = constant, ↘ = decreasing ↓ = strongly decreasing

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### 1.3.2 Forecast by scenario

#### Continental Europe: annual rail freight performance development [tkm, Index 100 = 2019]



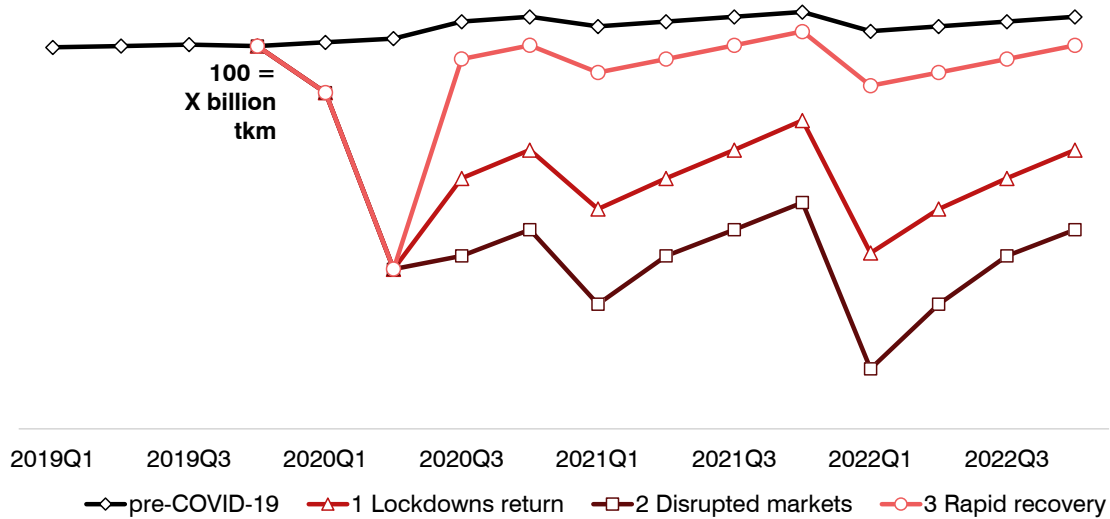
Source: Eurostat, Scenarios: SCI Verkehr; 2019 are estimated figures.

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[curves are for illustrational purposes only; they do not represent the results of the studies in this preview]

Growth rates of rail freight transport performance in Continental Europe (y-o-y) [%]				
Year	2020	2021	2022	CAGR 2019-25
Pre-COVID-19	...	...	...	...
1 Lockdowns return	...	...	...	...
2 Disrupted markets	...	...	...	...
3 Rapid recovery	...	...	...	...

**Continental Europe: quarterly rail freight performance development**  
[tkm, Index 100 = 2019Q4]



Source: Eurostat, Scenarios: SCI Verkehr; annualized growth rates, not considering seasonality.

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**In scenario 1 (lockdowns return),** rail freight performance experiences a temporary recovery in Q3 2020. However, **new lockdowns in Q4 decrease transport demand again, ending 2020 with a very negative development of X% in comparison to 2019.** A more sustainable growth ...

...

**Main drivers of transport performance**

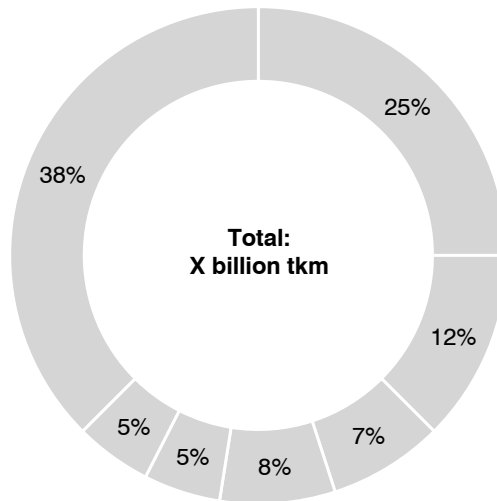
Drivers	Pre-COVID-19	Scenario 1 Lockdowns return	Scenario 2 Disrupted markets	Scenario 3 Rapid recovery	Relevance
Contact restrictions	None	Restrictions relaxed in Q3 but re-implemented again in Q4 due to new virus outbreak	Continuous restrictions from Q2 2020 to the end of the year	Current restrictions limited to Q2; from Q3 on, rapid return to status quo	■■■
Economic development	...	...	...	...	...
...	...	...	...	...	...

Relevance for transport performance: ■■■ = very high, ■■■ = high, ■■■ = medium, ■■■ = low, ■■■ = none

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## 1.4 Impact on operators

### Continental Europe: market share by operator 2018 [% of tkm]



Source: Company information, Eurostat, SCI database

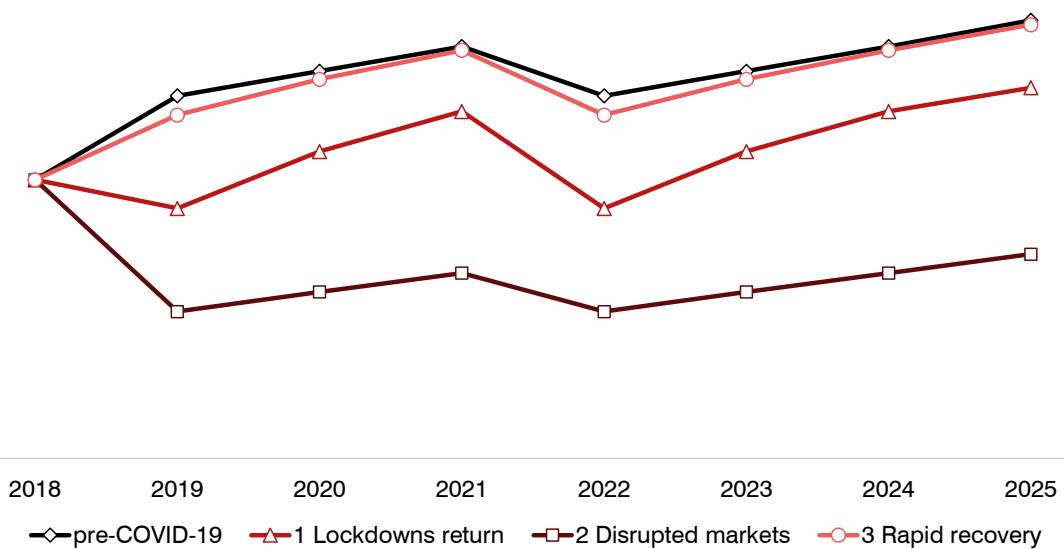
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[presented shares in this preview are for illustrational purposes only; they do not represent the results of the studies]

The most important foreign incumbents are...

...

### Continental Europe: market volume of rail freight transport [EUR billion]



Source: Company information SCI Verkehr estimation; Scenarios: SCI Verkehr

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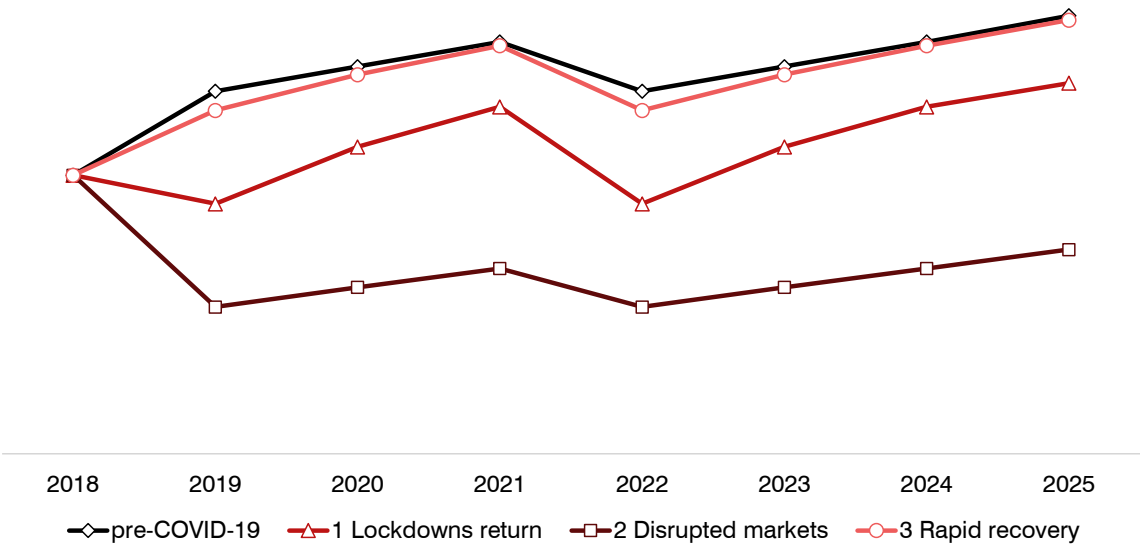
[curves are for illustrational purposes only; they do not represent the results of the studies in this preview]



**1.5 Impact on rolling stock owners**

In **scenario 1**, the lockdowns return and create more uncertainty in the future development of the economy. **Operators return a large part of wagons to lessors already in 2020 and cancel contracts with effect in 2021, when utilisation rates drop to an average of X%.** The market recovery would be distributed over the following years with pre-crisis utilisation rates being achieved again in 2025.

**Freight wagon leasing: development of utilisation rates**



Source: Company information SCI Verkehr estimation; Scenarios: SCI Verkehr © SCI Verkehr

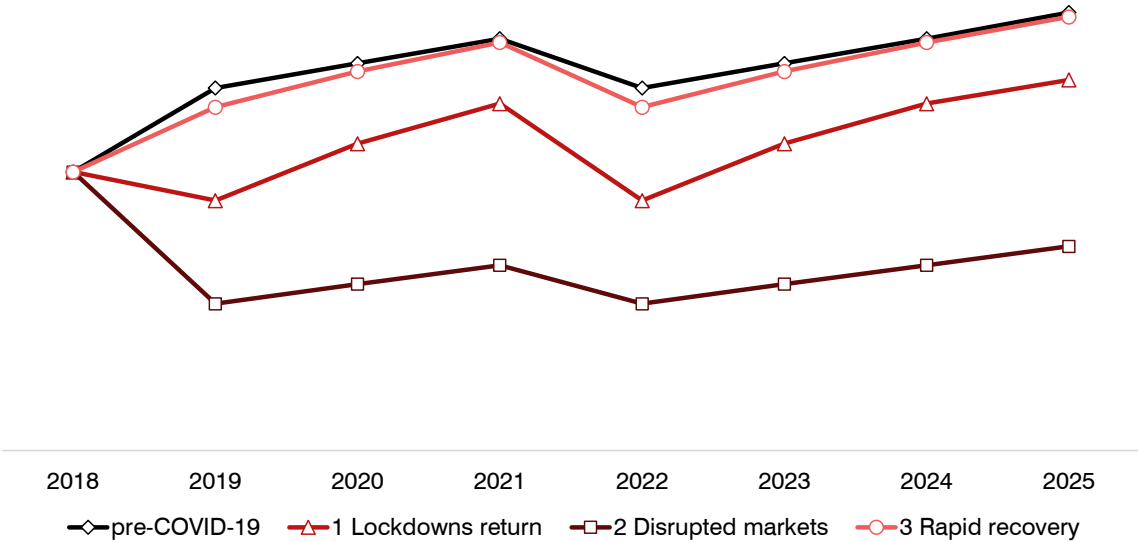
[curves are for illustrational purposes only; they do not represent the results of the studies in this preview]

Growth rates of the market volume for freight wagon/locomotive leasing in Europe (y-o-y) [%]				
Year	2020	2021	2022	CAGR 2019-25
Pre-COVID-19	...	...	...	...
1 Lockdowns return	...	...	...	...
2 Disrupted markets	...	...	...	...
3 Rapid recovery	...	...	...	...

**1.6 Impact on the rail vehicle industry**

Asset type	Pre-COVID-19 delivery forecast 2020-2025 [EUR million]	Scenario 1: Lockdowns return [% of pre-COVID]	Scenario 2: Market disruption [% of pre-COVID]	Scenario 3: Rapid recovery [% of pre-COVID]
Freight wagons	X	...	...	...
Electric locomotive	Z	...	...	...
Diesel locomotive	Z	...	...	...

**Continental Europe: development of OEM market volumes [EUR million]**



Source: SCI Verkehr

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**The locomotive OEM business is currently at a high historical level, which is expected to be maintained in 2020.** Many locomotives have been orders ...



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