Current Situation and Challenges to the Swiss Federal Railways.

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CEO SBB AG

Swiss-American Chamber of Commerce
Widder Hotel Zurich, 15 May 2008
SBB – Switzerland’s biggest travel and transport company, property owner and a major force in the Swiss economy.

- Operating revenues: CHF 7.67 billion
- Group result: CHF 80.4 million
- 4th largest employer: 27,400 employees
- Role in economy: Approx. 4% of Switzerland’s GDP

Passenger Traffic
- 860,000 passengers/day

Cargo
- 220,000 t freight/day

Real Estate
- 5,200 buildings

Infrastructure
- 3,000 km network

(Basis: 2007)
Small, but best in practice.

Amtrak route network 2007

- Area (km²): 9,827,000 (x0.004 = 41,000)
- Network length (km): 36,000 (x0.08 = 3,000)
- Stations: 500 (x1.5 = 760)
- Passengers per day: 68,000 (x13 = 860,000)
- Trains per day: 300 (x30 = 9,000)
- Passengers per day per km: 2 (x144 = 287)
- Result 2007: -1.068 m (USD) (193 m (CHF))

Passenger traffic only
Lots of sun – despite a few dark clouds!

Valais will now be 72 minutes closer.
SBB also did well financially in fiscal 2007 overall: the Group's result was impacted by losses at Cargo.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
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</thead>
<tbody>
<tr>
<td><strong>Result (CHF m)</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Group</strong></td>
<td>80.4</td>
<td>259.4</td>
</tr>
<tr>
<td><strong>Passenger Traffic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic revenues</td>
<td>+7.1%</td>
<td></td>
</tr>
<tr>
<td><strong>SBB Cargo</strong></td>
<td>-190.4</td>
<td>-37.3</td>
</tr>
<tr>
<td>Traffic revenues</td>
<td>+5.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>32.2</td>
<td>91.8</td>
</tr>
<tr>
<td>Traffic revenues</td>
<td>+1.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>32.6</td>
<td>27.8</td>
</tr>
</tbody>
</table>
EURO 2008 starts in 23 days: SBB and the Swiss are already European champions in rail travel.

Leader in terms of demand, punctuality and growth

- **Passenger-km per Swiss resident**: 35 → 1,899
  - Rank: 1
  - SBB: 778, Average: 57, Min.: 74, Max.: 2,247

- **Punctuality**: 85 → 95.5
  - Rank: 1
  - SBB: 91.5, Average: 90, Min.: 87, Max.: 98

- **CAGR 01-06 (%)**: -14 → 14
  - Rank: 3
  - SBB: 1.7, Average: 1.9, Min.: 1.4, Max.: 23.5

Basis: Europe's top 20 passenger rail companies (2006)

Every third Swiss a regular customer

- **Half-Fare travelcard**
  - As at end-2007: 2.12 m
  - Increase 2004-2007: +12%

- **GA travelcard**
  - As at end-2007: 345,000
  - Increase 2004-2007: +23%
A record number of people travelled by SBB in 2007: 7.6% more than in 2006 - 38.2% more than in 2000.
And density of network use - already the world's highest - saw another rise in 2007.
We are getting close to the limits of our infrastructure capacity.
To cope with demand for passenger services, SBB is considering massive investment in new rolling stock - financed from its own resources.

Time to market:
- Rolling stock: 4–6 years* 2012/13 earliest
- Infrastructure: 8–12 years 2016 earliest

* Decreases to about 2 years when purchase options exist.
Rapid development of Switzerland’s rail infrastructure is needed too. First steps are progressing well.

The ZEB rail infrastructure development plan (time horizon: 2030) comprises a core offer plus expansion options.

**Core offer**

approx. CHF 5.2 bn \(^1\)

**ZEB core offer**

- Market-driven use of resources with good financial returns.
- Infrastructure expansion that will benefit the whole of Switzerland.

\(^{1}\) Price baseline: 2005
ZEB core offer benefits both passenger and freight traffic.

**Passenger traffic:**
- Travel times on East-West routes cut by 30 minutes
- More frequent services on specific routes.
- Completion of hub system.

**Freight traffic:**
- Transit, import/export & domestic extension
- Total of 34% more train paths than in 2007.
- Sufficient capacity to achieve target for transfer of freight from road to rail.
Let's not allow things to become like they are in India!
An integrated rail system is key to the operation and development of complex public transportation networks like Switzerland's.
In the last few years, SBB Cargo has fallen short of the Federal Council's strategic goals.

### Strategic goals

- **Breakeven (min.)**
- **Switzerland.**
  - Nationwide offer that covers its costs
- **International.**
  - Significant contribution to road-to-rail freight transfer, profitable growth

### Results 2003-2007

<table>
<thead>
<tr>
<th>CHF m</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-200</td>
<td>-150</td>
<td>-100</td>
<td>-50</td>
<td>0</td>
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</table>

Breakeven (min.): Switzerland.

Switzerland: Nationwide offer that covers its costs

International: Significant contribution to road-to-rail freight transfer, profitable growth
Strategic development of SBB Cargo: Areas for entrepreneurial action.

### SBB Group

1. Restructure and reposition Cargo.

2. Exploit synergies, strengthen integrated planning.

3. Create transparency and continue to develop financial control instruments.

### SBB Cargo

<table>
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<tr>
<th>Switzerland (incl. import/export)</th>
<th>International</th>
<th>Maintenance</th>
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<tbody>
<tr>
<td>Safeguard access to network/supplies independent.</td>
<td>Reposition in conjunction with partners (avoid aggressive drive for growth).</td>
<td>Competitive services and prices.</td>
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</table>
Switzerland – like France and Germany – needs an industry-transport policy.
SBB's alliances strategy promotes Switzerland's integration into the international network: opening of the market scheduled for 2010.

Liberalisation of international passenger traffic as of 2010: open access
Let us take you to EURO 2008 – welcome on board!

In rete col treno.
Droit au but avec entrain.
Mehr Zug aufs Tor.
On track to score