

## Press release

Bern, 3 March 2016

**BLS Cargo - End-of-Year Results for 2015**

# Strong growth despite the strength of the Swiss Franc

**In 2015, BLS Cargo increased its traffic volume by 11% and ran almost 2,000 more trains than the previous year. Despite the strength of the Swiss Franc, the company achieved a healthy operating profit.**

In 2015, the traffic volume grew by 11% compared with the previous year to 18,225 trains (previous year 16,486). Volumes grew in almost all traffic sectors, but in particular, traffic for the mineral oil industry grew at a disproportionate rate. The extraordinary growth testifies to the strong market position held by BLS cargo. "We feel BLS Cargo enjoys a high level of acceptance and credibility", says Dirk Stahl, CEO of BLS Cargo. "It is of value to our customers that we operate autonomously, that is to say independently of other railways, and generate creative and innovative ideas for new traffic concepts". It is these very production concepts that allow competitive price-performance ratios. Despite the strong Swiss Franc, great pressure from competitors and transportation by road, they attract new international customers to switch to BLS Cargo.

### Financially balanced

In 2015, with a turnover of CHF 170.4 Million (previous year 166.9), BLS Cargo achieved earnings before interest and taxes (EBIT) of CHF 2.1 Million (previous year 3.9 Million). The income statement closed with a profit of CHF 0.3 Million (previous year 2.5 Million). Despite massive currency related challenges, it was thus possible to achieve a balanced financial result in 2015. BLS Cargo was severely affected by the discontinuation of the EUR/CHF minimum exchange rate by the Swiss National Bank at the beginning of 2015. The consistent costs management scheme and the expansion of value creation due to cross-border

locomotive operations concepts partially compensated for this financial burden.

### **Difficult environment for rail freight operators**

With the developments in 2015, in competition with transportation by road, rail threatens increasingly to lose ground. The historically low price of diesel massively reduces road transport costs, whilst this is not matched by the regulated energy costs for rail. This increases the price pressure on rail freight operators. At the same time, the administrative outlay required to fulfil various regulatory obligations raises continuously (for example safety certification, network access, ECM) as well as the complexity of the systems (e.g. track price system, ETCS train safety system) for rail freight carriers and leads to additional costs. Legislators and public administration must raise their awareness of the economic consequences of their decisions. Current political decisions are now leading to substantially increased costs for rail freight traffic, whilst the burden is eased on road traffic.

### **Preparation for the Gotthard Base Tunnel**

In 2016, BLS Cargo will set a striking example for the future in the development of the company: Never before was the share of directly supported customers so great, and also geographically the rail freight carrier is taking on more responsibility in 2016 than hitherto and is for many international customers the direct point of contact for the entire journey.

BLS Cargo is busily getting ready for the opening of the Gotthard Base Tunnel (GBT) in June, that from the point of view of BLS Cargo also promises to be a milestone in transport policy. To this end, the locomotives will be modified with the upgraded train safety system, personnel will be trained and the concept of operations will be laid down. BLS cargo expects that the Base Tunnel will not have a positive effect as soon as 2016, as between 2016 and 2021 various construction works (incl. for the 4 m corridor) will restrict the capacity. In addition, it must be guaranteed that the tracks open to rail freight are available at the capacity and quality such that with the GBT, which was created principally for rail freight, truly optimised operating concepts can be implemented. Currently, there are still deficiencies and a great need for action here, which are being discussed with the Federal Office for Transport (BAV) and Swiss Federal Railways (SBB) infrastructure division.

## Income statement 2015

(in TCHF)	2015	2014	Change
Total operating income	170,352	166,895	+2%
Operating costs	-161,593	-155,409	+4%
Earnings before interest, taxes, depreciation and amortisation, EBITDA	8,759	11,486	-24%
Earnings before interest and taxes, EBIT	2,062	3,953	-48%
<b>Annual profit / loss</b>	<b>289</b>	<b>2,538</b>	<b>-89%</b>

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### BLS Cargo in brief

BLS Cargo is the corridor provider on the central North-South axis through Switzerland. The company operates from Switzerland and provides customers the complete range of services with high-performance partners between the North Sea and the Mediterranean. The core product is complete trains as unaccompanied combined transport, wagon loading freight and the Rolling Motorway. An additional mainstay is transportation within Switzerland as well as import and export shipments. Along with its international partners, BLS Cargo uses modern multi-system locomotives internationally.

For more information go to: [www.blscargo.ch](http://www.blscargo.ch)