

RAIL FREIGHT MARKET UPDATE

DHL GLOBAL FORWARDING

15 March 2023



Agenda

1. Welcome & Introduction
2. Rail market development between China and Europe
3. Latest developments in China
4. Q&A & Wrap up



Introducing our speakers...



Vanya Dimitrova

Head of Sales Strategy
and Marketing, DHL Global
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Thomas Kowitzki

Global Head of Chinarail,
DHL Global Forwarding



Mo Kwok Hung

Head of Railfreight China, DHL
Global Forwarding

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As rail connections between China and Europe continue delivering fast ...

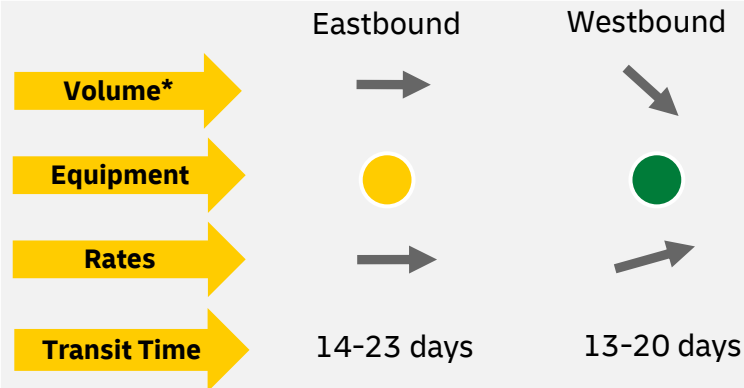
*YTD/2023 vs. Q4/2022

Market environment

- **Geopolitical challenges**
- **Expanding EU/US sanctions**
- Inflation
- Softening of the market demand
- **Certain businesses avoid routing via Russia**
- Shift of trains lead to “rail boom” on China – Russia trade
- Low cost vs. speed

Tough for Chinarail

Current Rail situation China-Europe-China

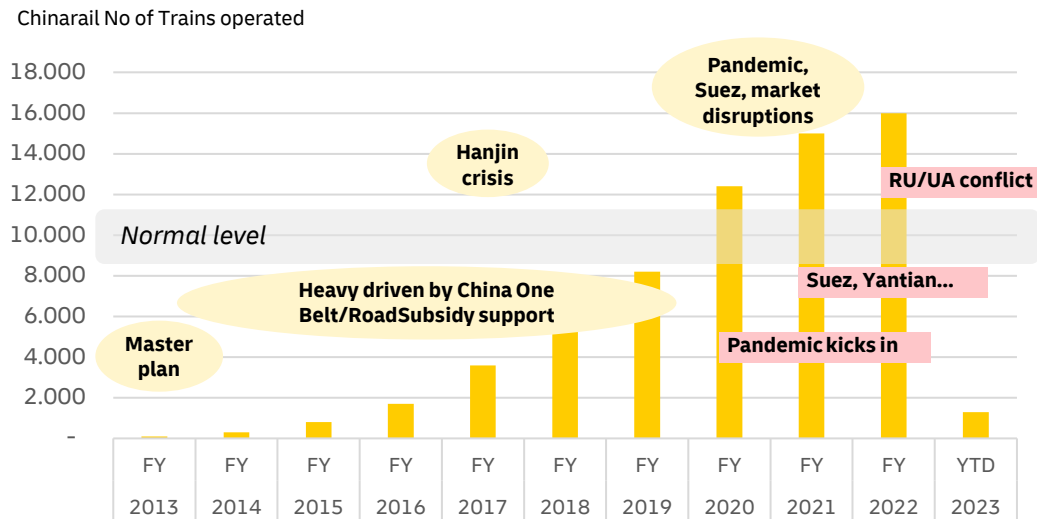


- Stable rail rates vs. dynamic ocean rate erosion
- No capacity constraints

...first time volumes face a decline due to route specific challenges

Rail has shown a steady growth: ~5,5m TEU has been shipped via Chinarail in 10 years due to the good mix of rates, lead times and Co2 attractiveness

Generally, the number of operated trains continue to grow



Source: China Railways

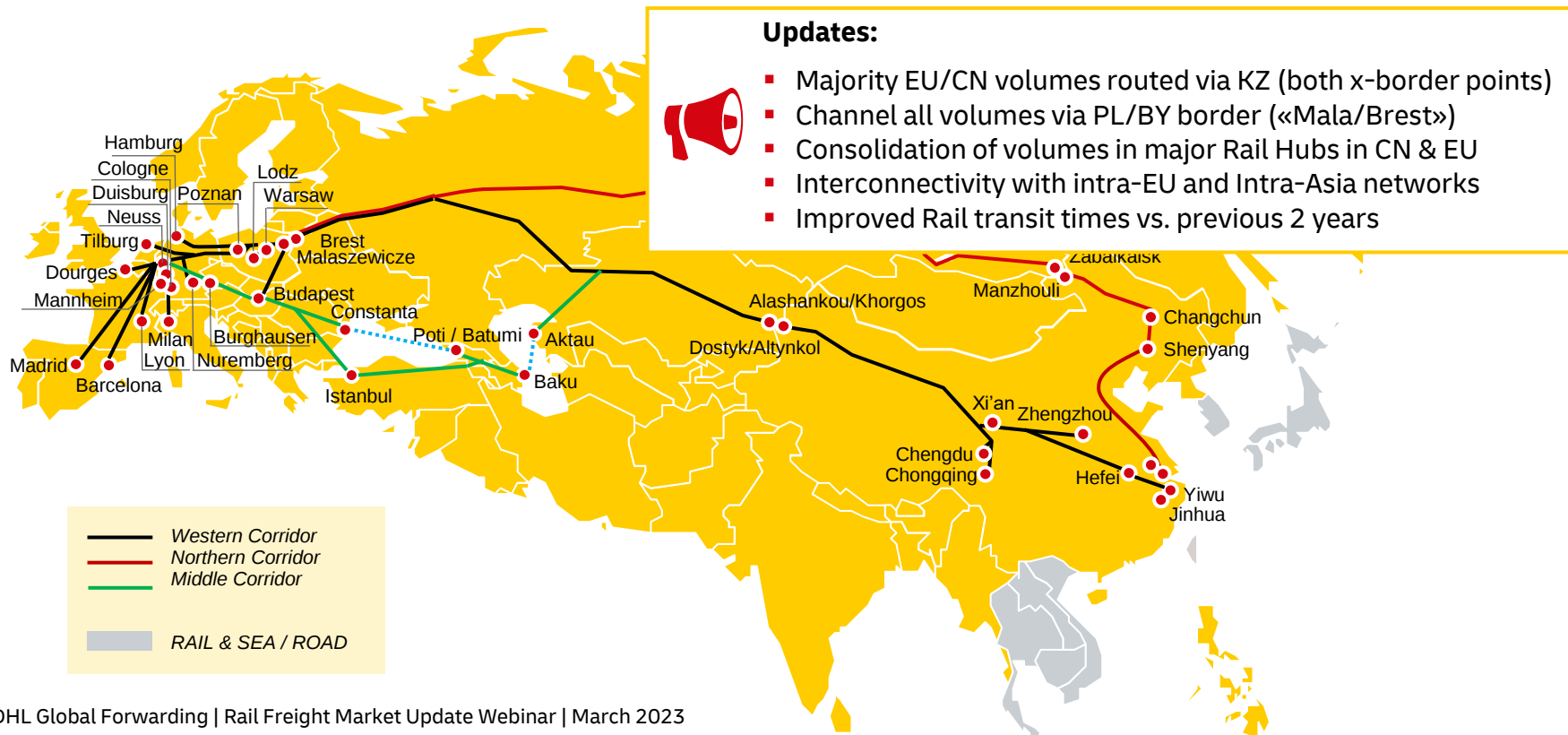
Highlights:

- ✓ Rail utilized by most industry sectors to save cost/time
- ✓ Coping with market demand/capacity changes
- ✓ Enabled high flexibility with short transit times, i.e. Fast trains
- ✓ Broadened carrier basis & equipment providers over years
- ✓ Growing LCL service
- ✓ Network volume driven expansions and adjustments
- ✓ Creation of new solutions/routings (e.g. CN-UK, CN-FI, Sea-Rail)

Lowlights:

- ✗ Transit Russia & sanctions shifted volume back to other modes
- ✗ Volume decline on China-Europe-China trade lane
- ✗ Volume growth with shift of trains towards China-Russia trade lane impacts rate and capacity situation on European trade lane

As network adjustments are made for the new volume situation,
the market can rely on a strong Rail logistics platform built over the years



The recent transit times

Average number of days in transit (Dec 2022 – Feb 2023)

WESTBOUND

<i>Origin</i>	<i>Destination</i>	<i>Average transit times (days)</i>
Xian	Malaszewicze	13
Xian	Duisburg	18
Xian	Hamburg	19

<i>Origin</i>	<i>Destination</i>	<i>Average transit times (days)</i>
Chengdu	Malaszewicze	14
Chengdu	Duisburg	20
Chengdu	Hamburg	23

EASTBOUND

<i>Origin</i>	<i>Average transit time to Xi'an CY (days)</i>
Budapest	23
Burghausen	21
Ceska Trebova	22
Duisburg	21
Hamburg	21
Malaszewicze	14
Poznan	16
Milano	23

Rail Freight is the fastest way to deliver smaller weights (LCL) shipments from anywhere in China to anywhere in Europe



Weekly LCL connections

Door to door service	To/from anywhere in China	To/from anywhere in Europe*	Fob shanghai term available
Fast transit via western corridor	Cost per cbm, min. 1 cbm	GPS tracking CFS-CFS	



Extraordinary times require new solutions



Bypass Russia solutions

- *OceanExpress:*
 - Comparable speed to Chinairail
 - Good for shippers who do not support to move via Russia
 - Enables to ship cargos which are not allowed via Russia
- *Middle Corridor:*
 - Additional capacity in case of insufficient availability on other corridors



Connecting Rail with Asian markets

- *China – SouthEastAsia by Rail/Road*
- *China – Kazakhstan by Rail/Road*
- *CIS countries by Rail/Road*



Acceptance of new commodities

- *Electric vehicles solutions*

OCEAN EXPRESS connects China and the Ground network (Road & Rail) in Europe with dedicated vessels with a focus on schedule punctuality



North Corridor

*Other names: Trans-Siberian
Main route: CN-RU-BY-PL*

Door to
Door
transit
time:



West Corridor

*Other names: Trans-Kazakh
Main route: CN-KZ-RU-BY-PL*

20-26
days

**Proven, incl.
Express Trains**

Driven by speed & punctuality & bypass Russia

South Corridor

*Other names: OCEAN EXPRESS
Main route: CN-South European Ports*

28-35
days



OCEAN & GROUND

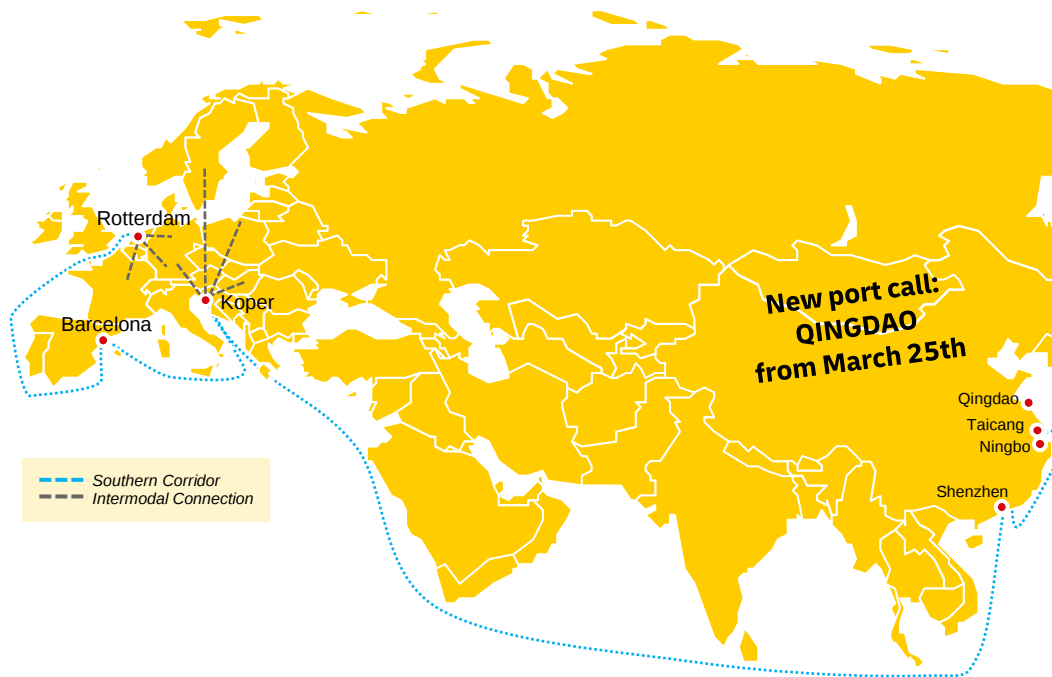


Demand for resilient networks



**Steady search for new transport
solutions**

OCEANEXPRESS is suited for shippers seeking to bypass Russia and requiring the speed of Chinairail



Main features:

+97% on time performance

- Reliable and punctual bi-weekly schedule
- Short transit time
 - Only 1-2 weeks longer than direct rail
 - 1-3 weeks faster than standard OFR
- Bypassing Russia & Belarus
- Batteries & IMO DG accepted
- Refrigerated container service available
- Eastbound service available
- Quality oriented operational model:
 - Fleet of 4 mid-sized vessels with shorter queuing and berthing lead times
 - Fast loop with just dedicated ports of call

Port-Port Transit times	Koper	Barcelona	Rotterdam
Qingdao to...	26	30	37
Taicang to...	24	28	35
Ningbo to...	22	26	32
Shenzhen to...	19	23	29

Europe Intermodal capabilities

- Whole Europe & Turkey
- Reliable and economic
- Fast growing network
- Sustainability

- Whole Europe & Turkey
- Reduced transit with offloading from the train in Poland
- Reduced cost by FTL delivery
- LTL/PTL for smaller shipments

- Scandinavia, Finland & Baltics
- UK & Ireland
- Spain & Portugal

- Poland
- Germany
- Benelux
- France
- Iberia
- Italy
- Switzerland
- United Kingdom

Germany/Poland – Whole Europe – 1-7 days
Germany/Poland – Turkey – 4-7 days

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Chinese market perspective: Latest developments within the Rail Freight



5% volume increase in Westbound and **18% volume increase in Eastbound** trades, compared to 2021



The new policy from China railway allows **Electric Cars to transport** by rail freight model



Chengdu and Harbin have implemented a **new subsidy policy**, which benefits to those local e-commerce companies to use rail freight service



A development **plan by Shandong Province** has been launched. It aims for 2000 trains departures in 2023

After the 1st Express train from Xi'an to Neuss successfully launched in 2019, the second Fixed-schedule express train is connecting Xi'an and Duisburg



Main updates:

- The fixed-schedule train from Xi'an to Duisburg, offering a 2-3 days faster speed alternative vs standard routing, is now available achieving 12-13 days. First trains launched in October 2022
- Express Trains target to achieve CN-DE door-to-door transit times of 20 days
- Phase 2 will take off from Duisburg in Eastbound direction to Xi'an, (plan the second half of 2023)
- Xi'an Railway is planning to increase the number of weekly fixed-schedule train from one to two soon

Trains in 2023	Xi'an to Duisburg (Actual transit times)
WB0104	12.22
WB0111	12.88
WB0118	12.20
WB0125	12.01
WB0201	12.15
WB0208	12.51

Electric vehicles (EV) by Rail from China to Europe

Fast, secure and reliable logistics solution for a booming market

3 cars by using car racks, operated in CKG/CTU/SIA warehouse near to rail station

物名称	件数	件重 (kg)	总重 (kg)	外形尺寸 (mm)	包装	材
	3	1846	5538	± 4700mm*1845mm*1715mm	裸件	
见图						
图视图						
固材料	专用汽车架 & 三角木 (130*130*250mm)、铁钉 (150mm)、紧线器、防撞棉					
载方法	1、将货物均匀装载在集装箱内部，共装3台； 2、第一台车为1件，用专用汽车架将车辆升起，位于集装箱最底部，占集装箱三分之一位置，重量为1846KG； 3、第二、三台车的装法，直接将第二台和第三台车平行开进集装箱内，分别各占集装箱三分之一的位。置。 4、共装载3台，总重量为5538KG，占集装箱总长度为11.6米。					



EV acceptance conditions by rail operators:



Power for vehicle by battery only, mixed power is not accepted



Vehicle certificate is mandatory



Power of EV below 60%, vehicle to be shut down during transportation



Battery within vehicle only, can't be packed separately

Access to the growing Southeast Asia markets via Intra-Asian railway

Including an option to connect with rail platform in China - Europe



Intra-Asian railway:

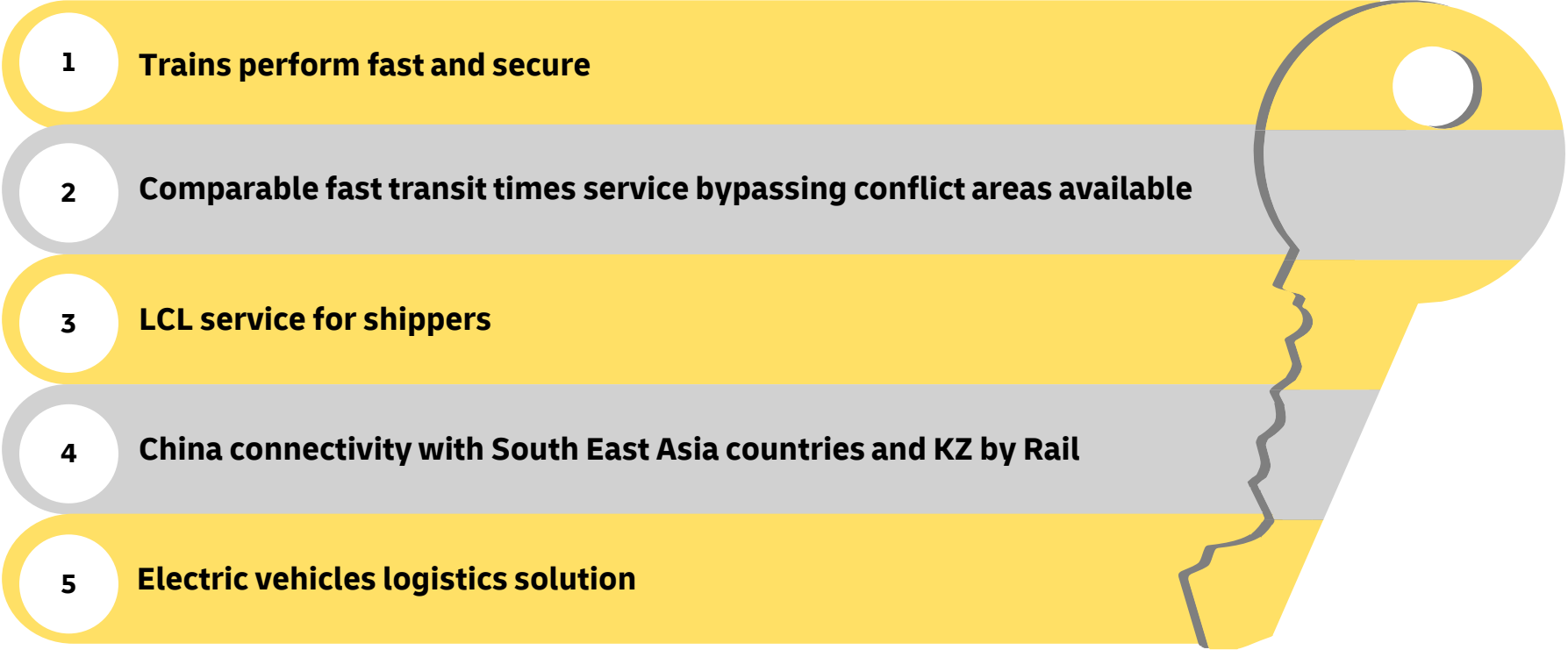
- Operation commenced in December 2021 and provides daily departures from Kunming Station & Vientiane South stations
- Normal lead time is 2 days, Express Line offered on every Tue, Thu & Sat to shorten the lead time to 1 day
- Mainly General Cargo is shipped Southbound (CN-LA) and mainly Perishable Cargo is shipped Northbound (LA-CN) direction
- Import shipments can be connected to the existing rail network to reach different parts of China
- Export shipments in China can be connected to the existing trucking network in Laos to cover most countries in ASEAN, such as Singapore, Malaysia, Thailand, Cambodia and Vietnam
- Expanded Railways platform connections Southeast Asia with China and Europe

Xi'an and DHL Global Forwarding: A long-term relationship supporting the China Rail network

*We are proud to receive the
“**Strategic Cooperation of the Year
Award**” from Xi'an railway,
Indicating our strength among 500+
companies that participated, as we have
been ranked in the top 20.*



Key take aways from today

- 
- 1 Trains perform fast and secure**
 - 2 Comparable fast transit times service bypassing conflict areas available**
 - 3 LCL service for shippers**
 - 4 China connectivity with South East Asia countries and KZ by Rail**
 - 5 Electric vehicles logistics solution**

Q&A SESSION

If you have any further questions, contact your usual Account Manager or Customer Service Representative or our Rail Freight Experts



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if you are based in China

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