

Benchmarking 2004

Report

November 2004

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1 Remit

At its meeting on 22.11.2000, the Economics, Finance and Environment Committee decided to produce a compilation of measures and methods used successfully by member railways to boost the productivity and efficiency of the railway system. The Benchmarking Working Party was remitted to carry out the work.

The Benchmarking Working Party again worked with the UIC Statistics Centre this year to conduct a survey among railway companies. This report contains the results of the 2004 survey and includes data for the years 2001-2003.

The following Working Party members were involved in preparing this report:

Dr Sterba	CD
Mr Krähe	DB AG (Chairman)
Dr Calabria	FS
Mrs Budainé Ferenczy	MAV
Mrs Grüber	ÖBB
Mr Thomas	SNCB
Mr Pradayrol	SNCF
Mr Niven Reed	UIC

2 Data collection

2.1 Questionnaire

The questionnaire was sent to the railways by UIC on 9.7.2004. This report is an analysis of the data supplied by the railway companies in response. Data that had reached UIC by 15.8.2004 was taken into consideration.

2.2 Participation in the survey

Fifteen railway companies took part in the benchmarking survey (BDZ, CD, CFR, DB, FS, MAV, NRIC, ÖBB, REFER, RFF, RENFE, SNCB, SNCF, TCDD and ZSSK).

In some cases, the data supplied was incomplete, which explains the corresponding gaps in some of the graphs that appear in the report. Similarly, indicators that were clearly wrong or implausible were not published.

2.3 External companies

The Benchmarking Working Party has also calculated indicators for a number of external companies, predominantly from the transport sector. This report contains benchmarks for the following external companies (other transport modes, firms from transport-related sectors of the economy):

- Austrian Airlines (AUA - airline, Austria)
- CSA (airline, Czech Republic)
- GEODIS (logistics firm, France)
- Deutsche Lufthansa (LH - airline, Germany)
- PPT Co. (local transport operator in Prague, Czech Republic)
- Transport publics intercommunaux (regional transport operator, Belgium)
- Opérateur combiné (combined transport operator, Belgium)
- Wiener Lokalbahn AG (WLB; operator of the Vienna-Baden railway line and various bus routes in south Vienna, Austria)

The data for this exercise was taken from the annual reports of the companies in question. The benchmarks for external companies only include indicators 1, 5, 6, 7, 8, 10 and 11, as data was not available for all of the predefined indicators.

3 Structure of the report

The final report consists of a text section and five appendices.

- Appendix 1 contains financial indicators 1 – 6 for the company as a whole (rail transport).
- Appendix 2 contains indicators for specific parts of the business (passenger traffic, freight traffic and infrastructure).
- Appendix 3 shows how indicators 1 – 6 have evolved over time, between 2001 and 2003. These chronological trends are not shown for external companies because of insufficient basic data.
- Appendix 4 gives chronological data for the indicators in each part of the business between 2001 and 2003.
- Appendix 5 contains the comments made by the railway companies on their own indicators, where comments were supplied. More general explanations received from the railway companies with no direct bearing on the indicators were not included here.

4 Presentation of the benchmarks

The benchmarks are shown separately for railway companies and external companies. The order in which the companies appear in the diagrams is based on the value of the respective indicator in 2003.

In order to illustrate the scale of potential problems, negative values are generally included in the benchmark diagrams. Clearly, these should not be interpreted in the same way as the positive values in the "normal" area.

5 Comments on the results of the benchmark survey

5.1 Indicator 1: ROCE

The Return on Capital Employed (ROCE) is calculated from the quotient of the EBIT (result before tax, the result from shareholdings, result from interest and extraordinary result) and capital employed (capital used in the operational sector of the company). The positive values for railway companies vary between 1.6% and 0.0% in 2003. Negative values for this indicator (10 out of the 14 railway companies shown) indicate a zero return on capital. Developments over time show a downwards trend in comparison to previous years. Significant positive changes in 2003 were only recorded by DB (improvement to 1.6 % following the takeover of the Stinnes Group).

In most cases, the increase in capital employed (including an increased need for investment in renewals) and/or the deterioration of operating results had a negative influence on ROCE. A combination of unfavourable factors were responsible for the negative trend in operating results: increased expenditure as a result of a sharp increase in energy costs, among other factors, stagnant or slightly decreased turnover in the passenger traffic sector as a result of more intense competition from low-cost airlines, losses incurred by strikes (SNCF, ÖBB), difficulties in the tourism sector and stagnant turnover in the freight sector as a result of more intense competition from the road haulage sector.

Comparisons with other companies in the transport sector reveal similar problems with ROCE. Airlines were particularly affected by this phenomenon.

5.2 Indicator 2: Total debt to capitalisation

This is derived from the quotient of the total debt of the railway company and the sum of total debt and equity. Total debt includes liabilities whether subject to interest or not and the cash value of leasing liabilities.

The values recorded by the railway companies in 2003 vary widely between 80.3% and 0.8%.

The trend over the period 2001 – 2003 is again for this figure to increase on the majority of railways. CD is the only exception, with a debt to capitalisation rate of only 0.8% following transfer of debt to the state.

Reasons for the higher debt to capitalisation rate include the higher need for investment financed through the capital markets, as well as a lower proportion of self-financing on account of poorer annual results. CD was an exception: the low debt to capitalisation rate of 0.8% follows the transfer of former debts to the state and the infrastructure manager SZDC as part of the restructuring of the company.

5.3 Indicator 3: Dynamic debt-to-equity ratio

This indicator puts the total debt of the company in relation to (operational) cash flow. Cash flow is understood as the total result before tax, depreciation and changes in (long term) pension provisions. The dynamic debt-to-equity ratio is designed to give an idea of the potential for reducing debt by increasing cash flow.

The values for railway companies in 2003 vary widely between 20.5 and 0.2. Negative values are ascribable to negative annual results and an unfavourable cash flow situation. They are indicative of a further increase in the level of debt.

Developments over the period 2001 – 2003 show mixed trends. While some railway companies were able to achieve a considerable improvement in cash flow and consequently favourable development of the indicator despite an increase in debt (eg. DB), increased interest expenditure led to an accelerated negative trend in dynamic debt-to-equity ratio for a series of other railways.

5.4 Indicator 4: Coverage of assets

Coverage of assets is calculated as the quotient of equity and long-term borrowing to fixed assets. It is a yardstick for the extent to which the company's fixed assets are secured over the long term. This indicator is considered from the point of view of long-term financing.

The values recorded by the railway companies in 2003 vary between 134.7% and 34.5%, with the indicator on or above 100% in the majority of cases.

Developments over the period 2001-2003 show a slight improvement on the majority of railways. The opposite trend can be seen on railways which already recorded a relatively low level of asset coverage (eg. SNCF, MAV).

5.5 Indicator 5a: Operating added value per employee

This indicator is calculated from the ratio between the added value generated by the company (total of all income after deducting advance payments) and the mean number of staff employed for the year.

For the railway companies, operating added value per employee varied between 47,677 EUR and 2,283 EUR in 2003. This considerable range clearly reflects the difference between high wage and low wage countries.

A slight upwards (i.e. positive) trend was evident over the period 2000 – 2002. However, in most cases this went hand-in-hand with an increase in personnel costs per employee (see point 5.6). This was predominantly due to increased personnel expenditure incurred by the streamlining of the workforce with the objective of achieving enhanced productivity (ÖBB, FS, SNCB).

The comparison between railway companies and external firms shows that there are no substantial differences across the transport sector as a whole. The only exceptions are the Austrian airline AUA and the Belgian combined transport company.

5.6 Indicator 5b: Personnel costs per employee

This indicator has been included in the Benchmarking report for the first time this year. It is intended as a comparison with indicator 5a (operating added value per employee). Comparison of these two indicators clearly shows that added value per employee is almost always slightly higher than personnel costs per employee.

Developments over the period 2001-2003 show a general increase in personnel costs per employee. On a positive note, though, here again the increase in personnel costs is accompanied by a parallel increase in added value. This confirms the success of the railways in increasing productivity.

5.7 Indicator 6: Return on turnover

The return on turnover is the ratio of the result before tax and interest to turnover.

The positive values recorded here vary between 4.6% and 0% for the railway companies in 2003. Positive values were achieved by 5 out of 15 railway companies.

The development of operating results was largely unfavourable with predominantly stagnant turnover and a parallel increase in expenditure

Developments over the period 2001-2003 accordingly show a somewhat downwards trend in return on turnover. The same reasons were responsible here as for the unfavourable ROCE development.

Comparisons of return on turnover at railway companies with that of external companies in the transport sector reveals that there have been similar problems regarding return on turnover in some cases. Some regional transport companies appeared to be encountering considerable difficulties in this area (WLB, Transports publics intercommunaux).

5.8 Indicator 7: Passenger traffic costs per pkm

Costs per pkm vary widely from one railway company to another.

A comparison between railways must take account of the fact that the network structure and size, the level of purchasing power and the relative proportions of short and long-haul traffic all have an important role to play.

The trend for the period 2001 – 2003 is for a slight increase in passenger traffic costs, almost without exception.

5.9 Indicator 8: Freight traffic costs per tkm

Freight traffic costs vary between 6.5 and 1.4 cents per tkm in 2003.

The period 2001 – 2003 shows a slight increase in costs on almost all railways. This comes in spite of the fact that competition in the freight sector (from road traffic in particular) has hardly been conducive to increased revenues. At DB, following the takeover of the Stinnes group, only the freight part of the business (RAILION AG) could be considered. This represents a considerable structural transformation in comparison to previous years.

5.10 Indicator 9: Infrastructure costs per route-km

Route-km costs vary considerably among western European railways: between 218,000 EUR and 62,00 EUR, and between 54,000 EUR and 9,000 EUR for railways in the CEEC zone.

Over the period 2001 – 2003 there has been no fundamental change in the level of this cost on the majority of railways.

5.11 Indicator 10: Passenger traffic turnover per pkm

Like the pkm costs (see indicator 7), turnover per pkm varies widely. When assessing the level of turnover, it should be borne in mind that State contributions towards local traffic services are generally also to be counted as turnover.

Between 2001 and 2003 most railways managed to record a slight increase in turnover per pkm. This rise was basically in line with the increase in costs.

Pkm revenues for the airlines under consideration lie in some cases substantially below the levels recorded by the railways. This underlines the difficult competitive situation that the railways face from regional air services.

5.12 Indicator 11: Freight traffic turnover per tkm

No systematic picture emerges from a comparison between railways for freight traffic. The differences in the competitive position between transport modes in the various countries are clearly reflected here. However, it was not possible to confirm this with

corresponding figures from long-distance road haulage as the annual reports of the haulage companies do not generally quote tonne-kilometre figures in competitively sensitive areas.

The pattern over the period 2001 to 2003 shows virtually no change in revenue per tkm on almost all railways; some CEEC railways even saw a decrease. The impact of the Stinnes takeover is evident at DB.

5.13 Indicator 12: Gross investment in transport operations in relation to transport turnover

The ratio of investment expenditure to turnover varies between 24% and 4% on the railway companies considered. This means that up to one quarter of passenger and freight traffic revenues is re-invested in rolling stock.

The period 2001 to 2003 shows a sharp downward trend for some railway companies. This can be ascribed not least to the currently difficult economic climate. Only RENFE deviated from the general trend with a sharp increase in investment over the previous year. SNCB maintained the same high level of investment as in the previous year.

5.14 Indicator 13: Investment in infrastructure per train path-km

Investment in the infrastructure business shows a very mixed picture. This indicates that railways facing financial difficulties have cut their level of infrastructure spending. Another factor that plays a role here is the way in which the construction and operation of railway infrastructure is financed in the individual countries through the state-railway relationship.

Developments over the period 2001 to 2003 show a decrease in infrastructure investment with almost unchanged or slightly decreased train path km.

6 Concluding remarks

This report is hereby submitted to the railway companies for evaluation. Any suggestions, questions and comments on the presentation and the content of this document should be addressed to Mr Niven Reed at the UIC, to the Chairman of the Benchmarking Working Party Mr Krähe (e-mail burkhard.kraehe@bahn.de) or to another working party member.

Annexe 1 / Anlage 1 / Appendix 1

Indicateurs d'analyse sur le niveau de l'entreprise

Finanzindikatoren auf das Gesamtunternehmen bezogen

Financial indicators on the level of the company

**Indicateurs 1 - 6
2003**

**Indikatoren 1 - 6
2003**

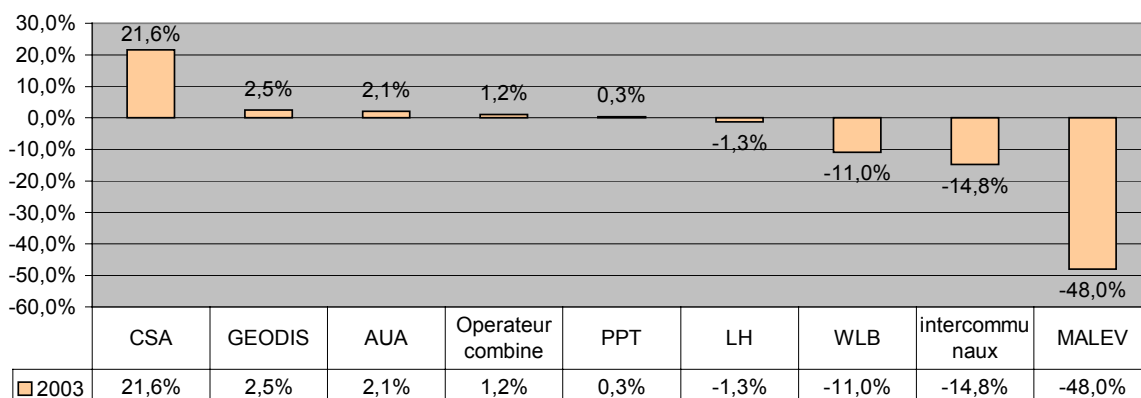
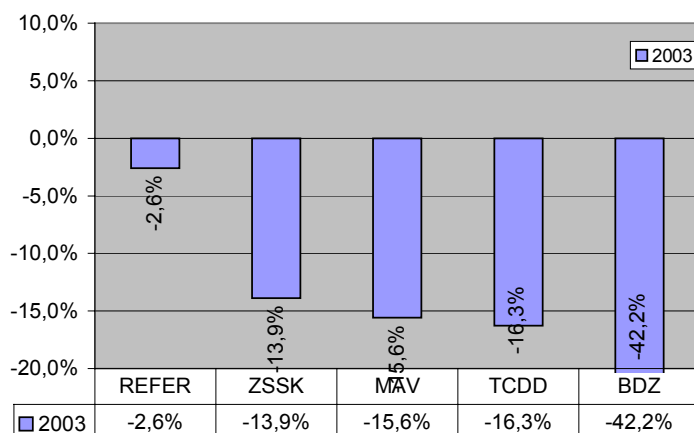
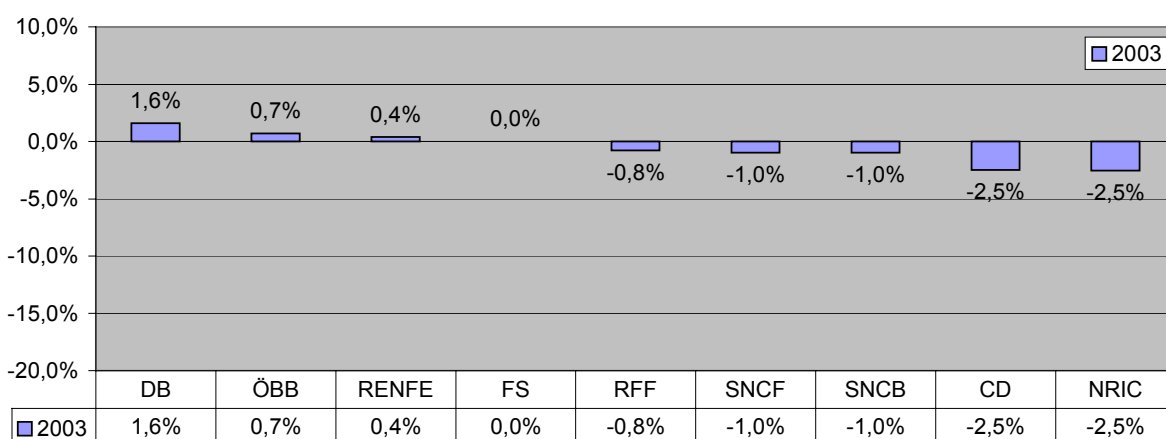
**Indicators 1 - 6
2003**

Indicateur / Indikator / Indicator 1

ROCE (%) (RCI = Rentabilité des capitaux investis)

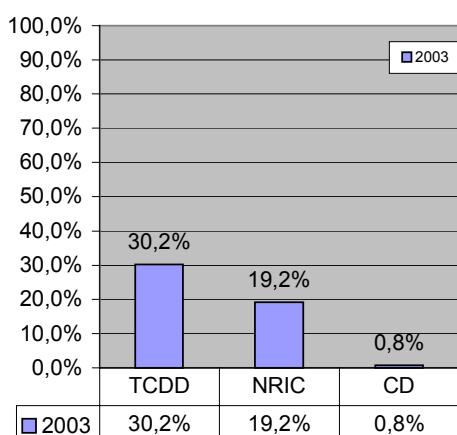
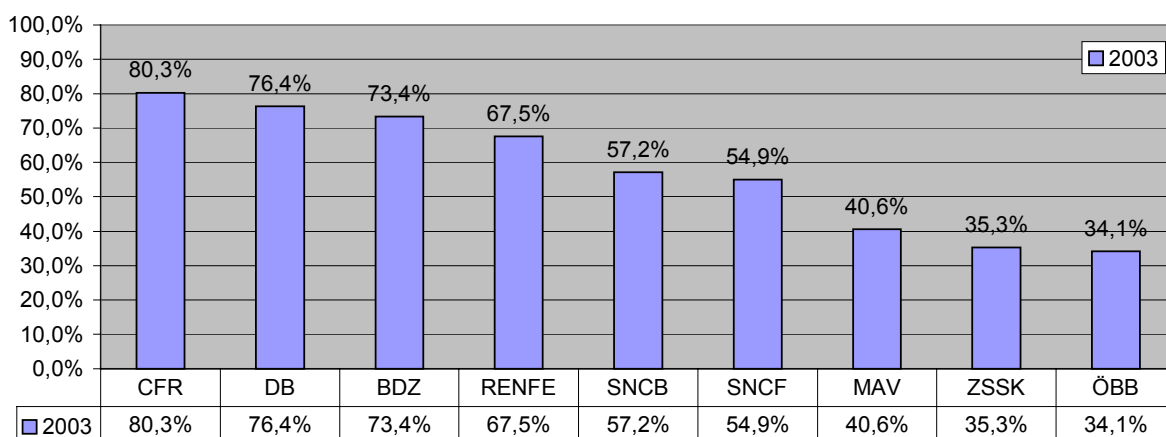
ROCE (Return on capital employed) (%)

ROCE (Return on capital employed) (%)



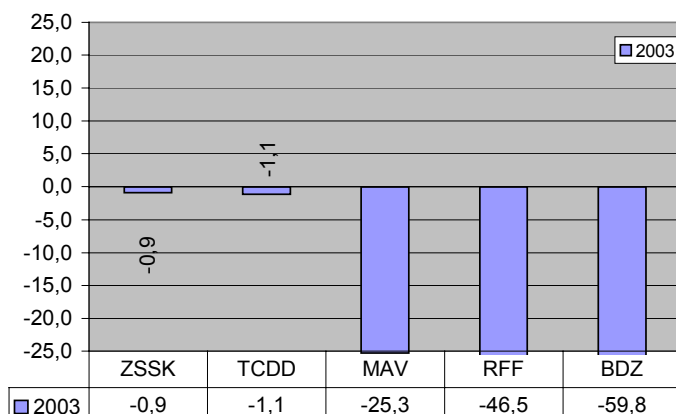
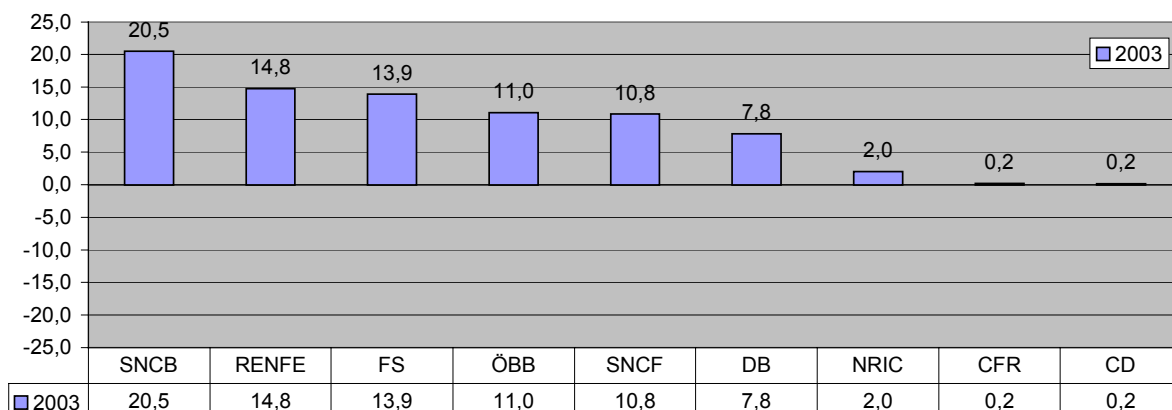
Indicateur / Indikator / Indicator 2

Taux d'endettement (%)
 Verschuldungsrate (%)
 Total debt to Capitalization (%)



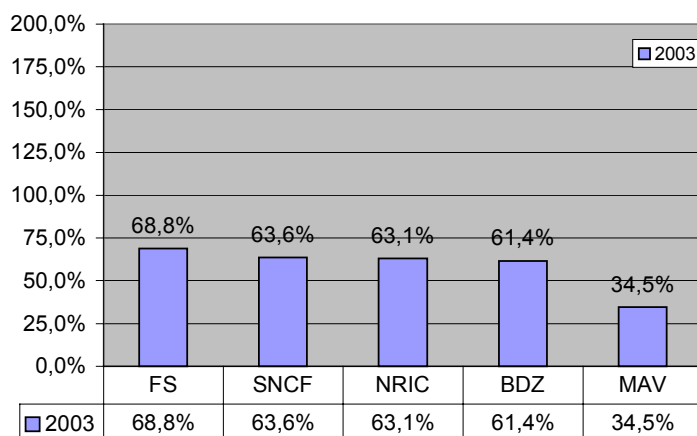
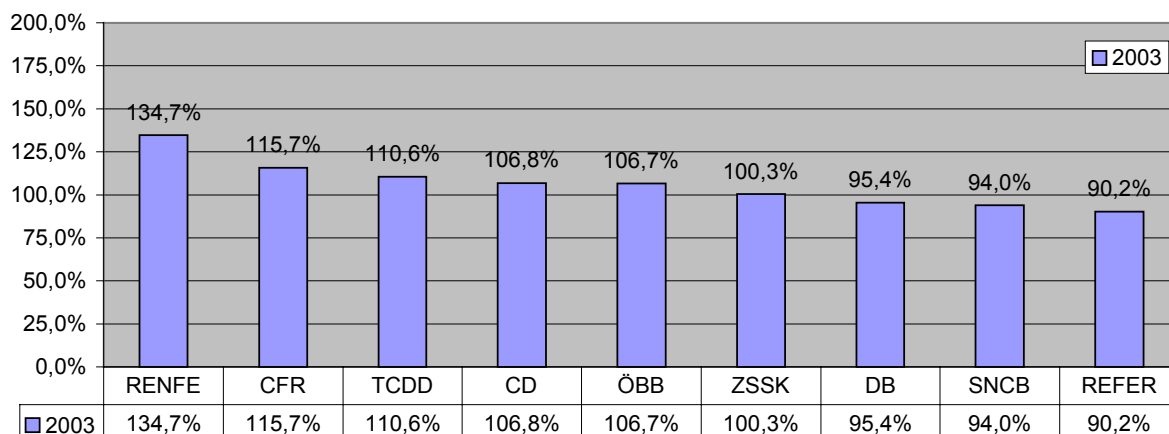
Indicateur / Indikator / Indicator 3

Taux d'endettement dynamique (-)
 Dynamischer Verschuldungsgrad (-)
 Dynamic debt to equity ratio (-)



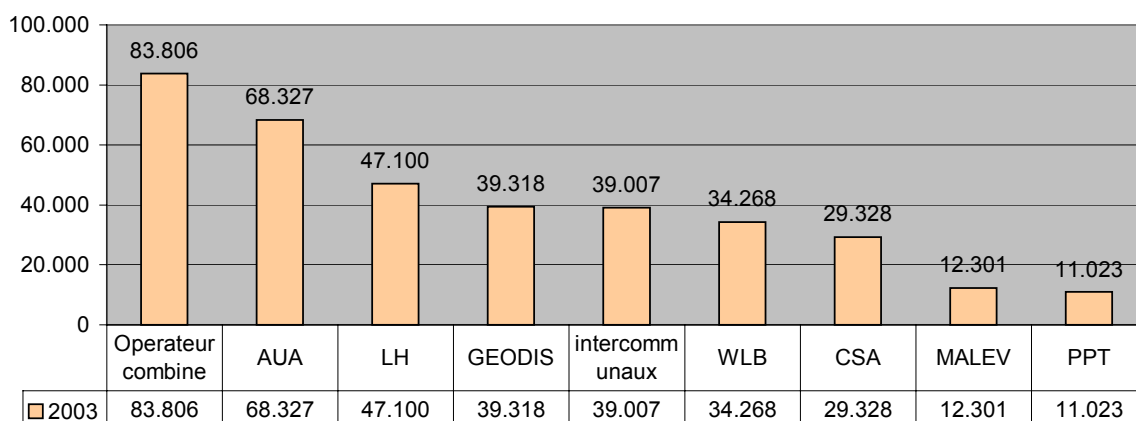
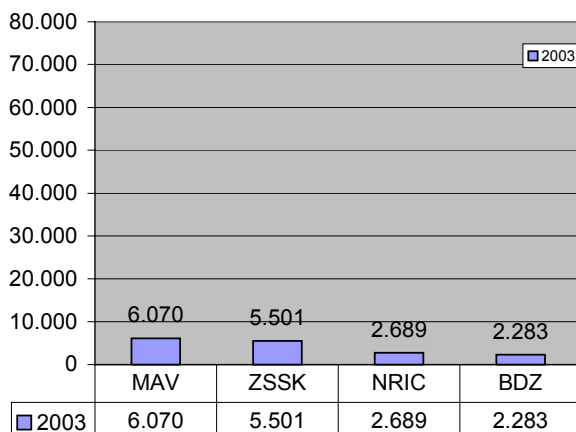
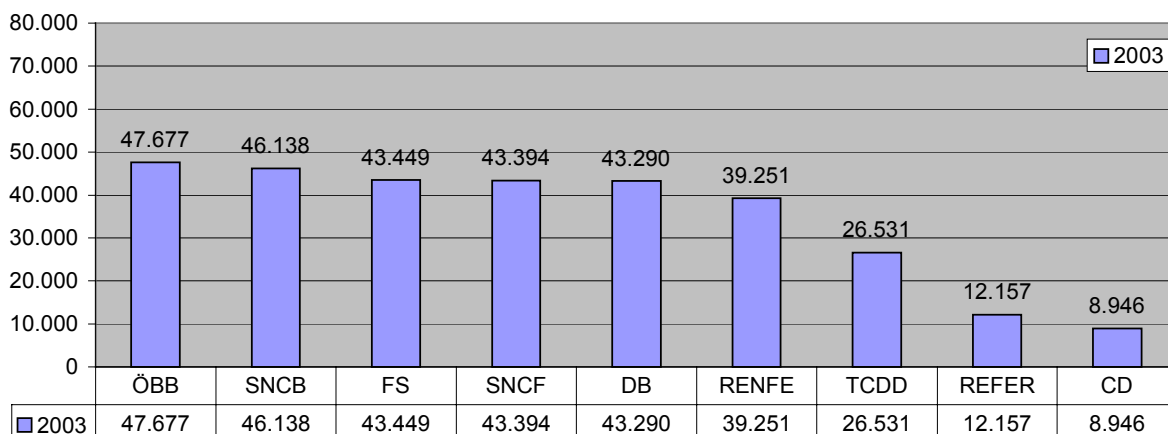
Indicateur / Indikator / Indicator 4

Couverture des immobilisations (%)
 Anlagendeckung (%)
 Coverage of assets (%)



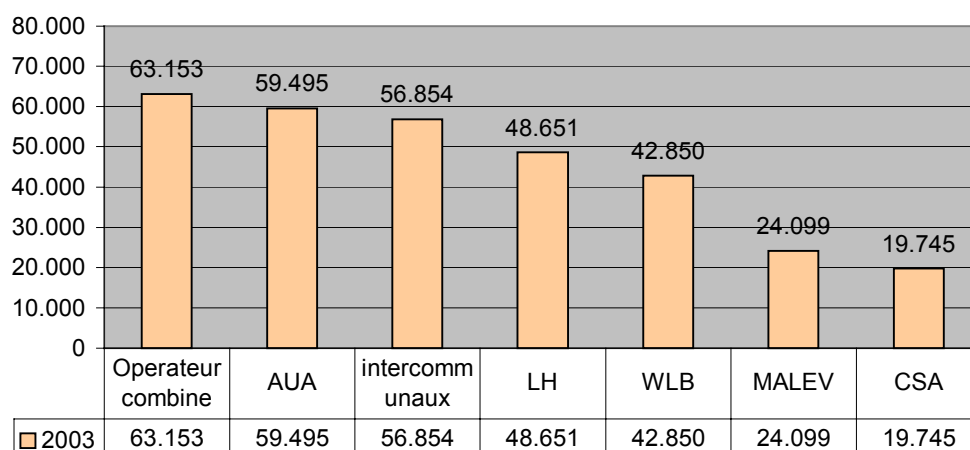
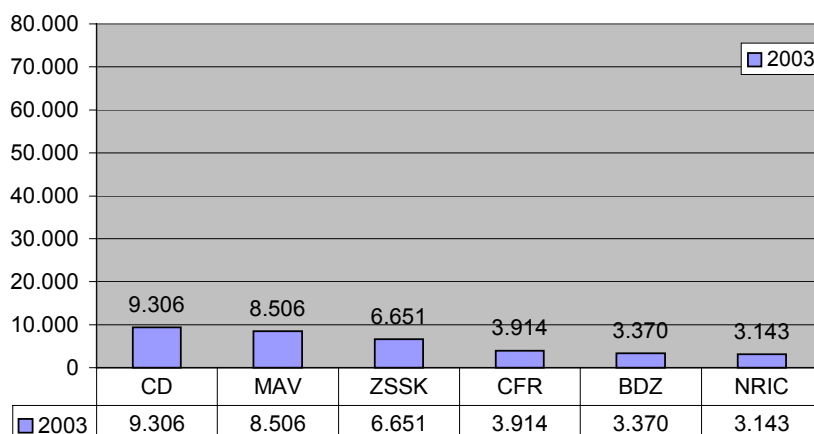
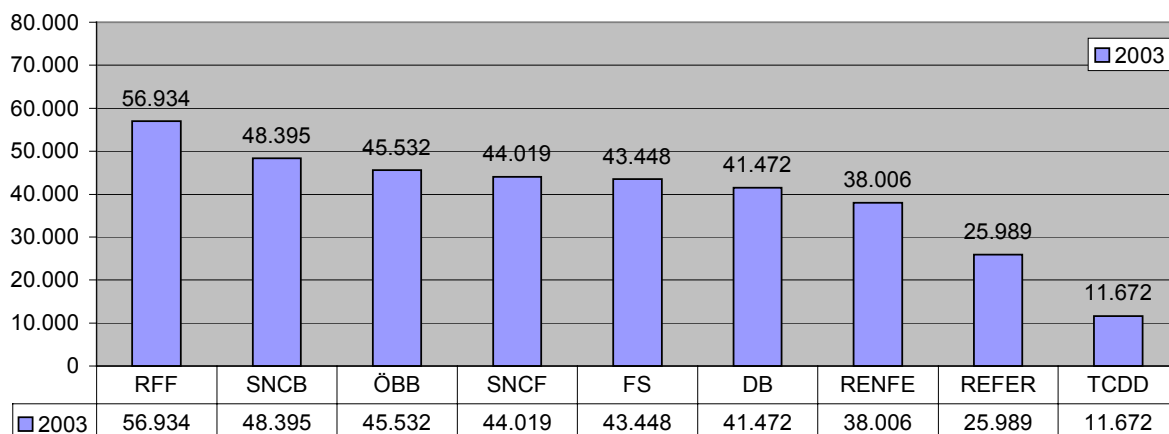
Indicateur / Indikator / Indicator 5a

Valeur ajoutée par employé (EUR)
 Betriebliche Wertschöpfung pro Mitarbeiter (EUR)
 Operating added value per employe (EUR)



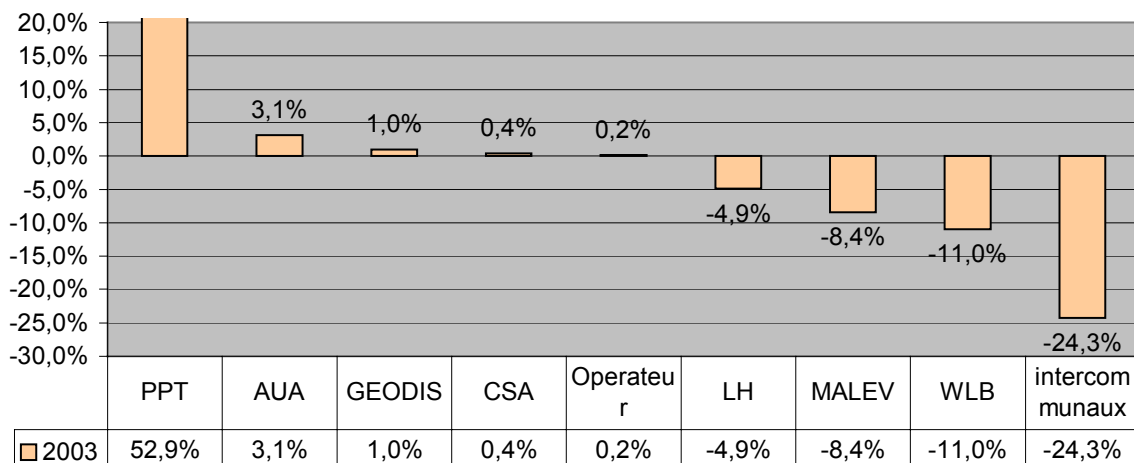
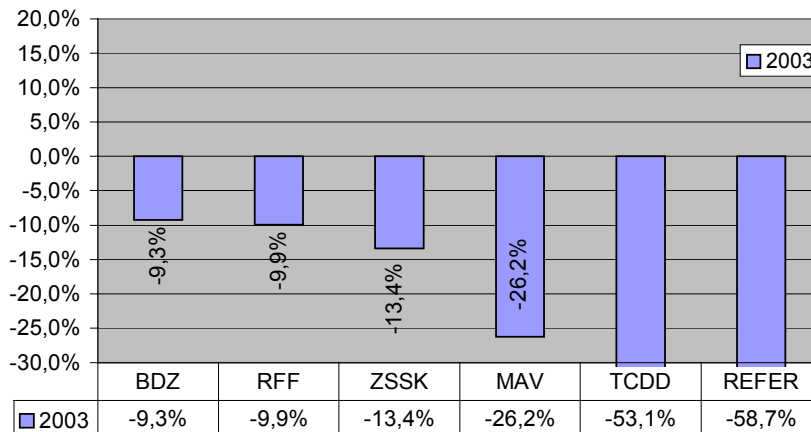
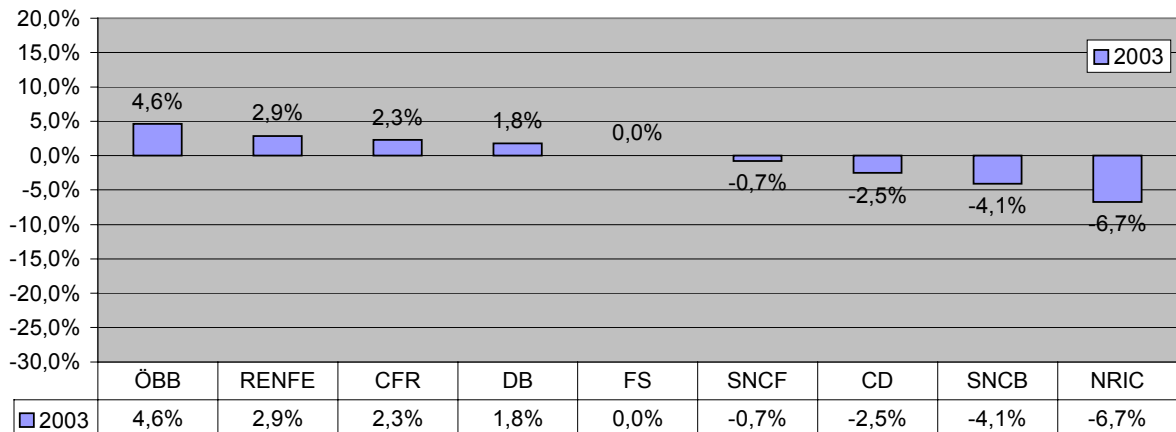
Indicateur / Indikator / Indicator 5b

Charges de personnel par employé (EUR)
 Personalaufwand pro Mitarbeiter (EUR)
 Staff costs per employe (EUR)



Indicateur / Indikator / Indicator 6

Rendement sur chiffre d'affaires (%)
 Umsatzrendite (%)
 Operating margin (%)



Annexe 2 / Anlage 2 / Appendix 2

Indicateurs d'analyse de comparaison des secteurs voyageurs, fret et infrastructure

Finanzindikatoren Personenverkehr, Güterverkehr und Infrastruktur

Financial indicators for comparison sectors passenger, freight and infrastructure

**Indicateurs 7 – 13
2003**

**Indikatoren 7 – 13
2003**

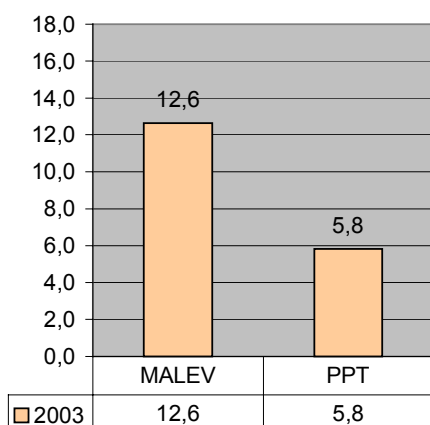
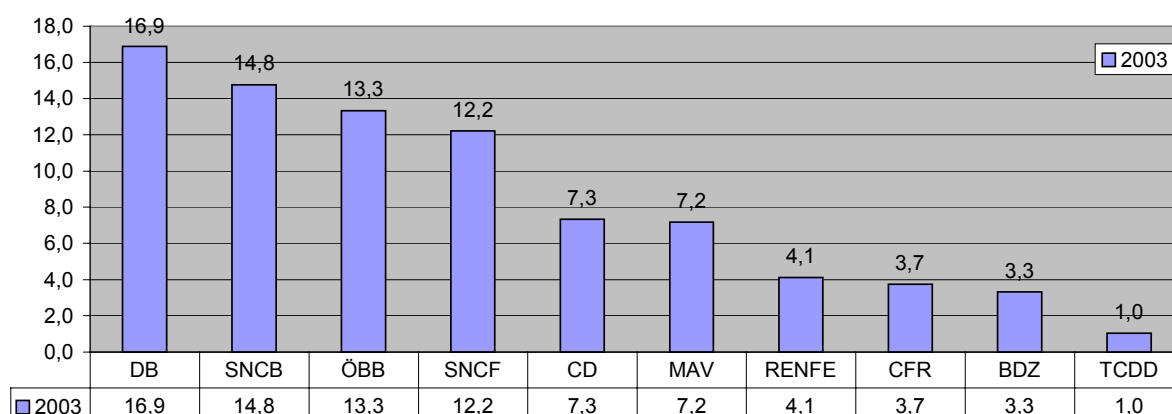
**Indicators 7 - 13
2003**

Indicateur / Indikator / Indicator 7

Charges du transport Voyageurs par vkm (1/100 EUR)

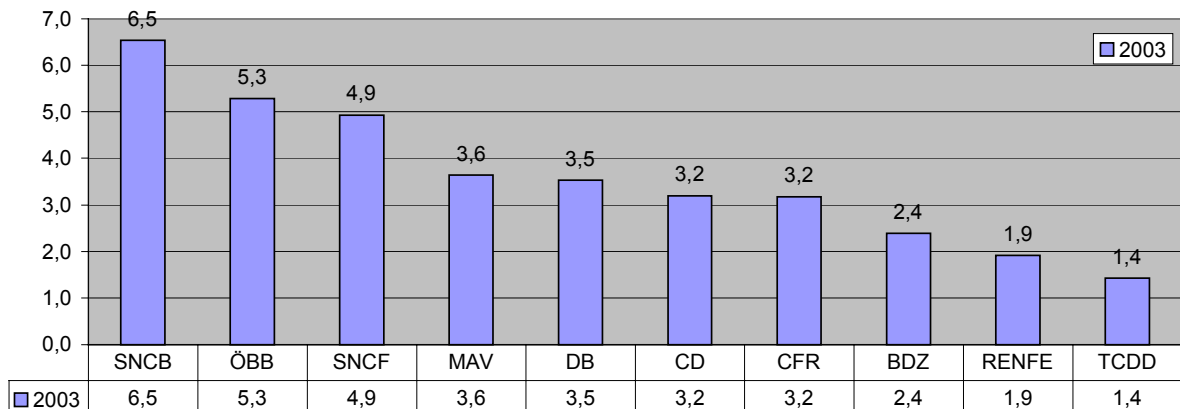
Aufwand Personenverkehr pro Pkm (1/100 EUR)

Expenditure per pkm (1/100 EUR)



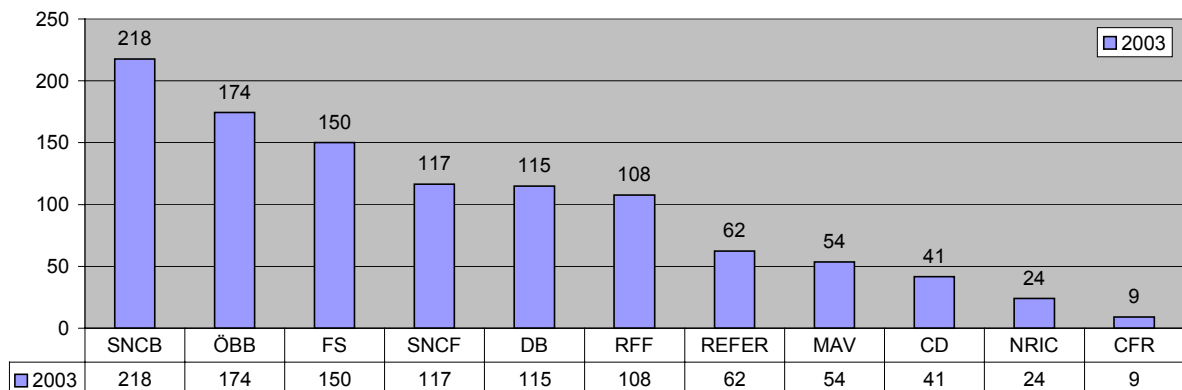
Indicateur / Indikator / Indicator 8

Charges du transport Fret par tkm (1/100 EUR)
 Aufwand Güterverk. pro Tkm (1/100 EUR)
 Expenditure per Tkm (1/100 EUR)



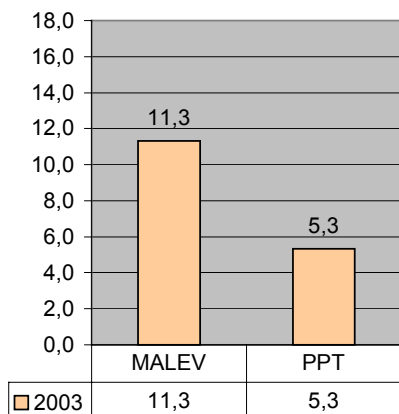
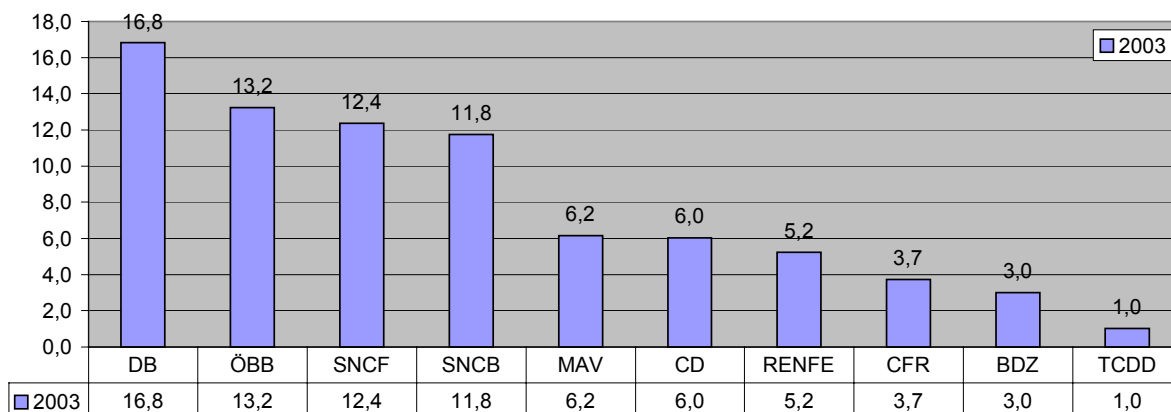
Indicateur / Indikator / Indicator 9

Charges Infrastructure par km de ligne (1000 EUR)
 Aufwand Infrastruktur pro Strecken-km (1000 EUR)
 Infrastructure expenditure per line km (1000 EUR)



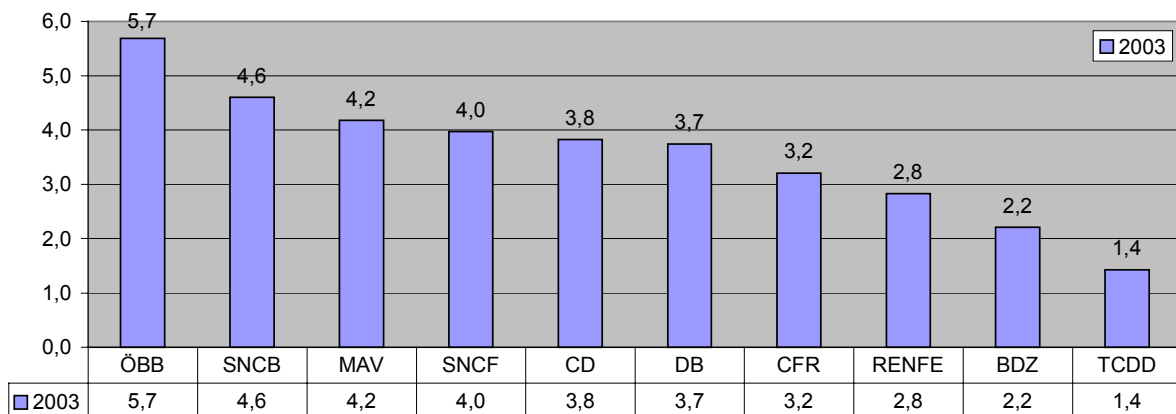
Indicateur / Indikator / Indicator 10

CA Voyageurs par vkm (1/100 EUR)
 Umsatz Personenverkehr pro Pkm (1/100 EUR)
 Turnover per pkm (1/100 EUR)



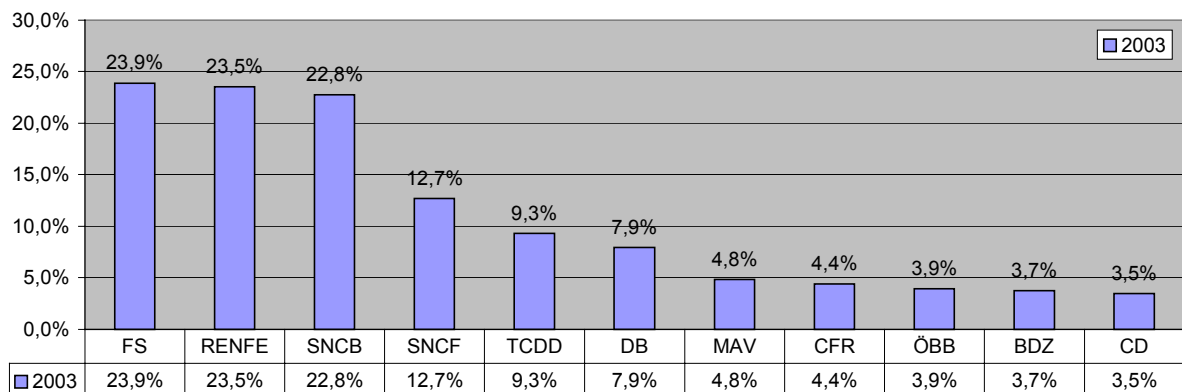
Indicateur / Indikator / Indicator 11

CA Fret par tk (1/100 EUR)
 Umsatz Güterverkehr pro Tkm (1/100 EUR)
 Turnover per tkm (1/100 EUR)



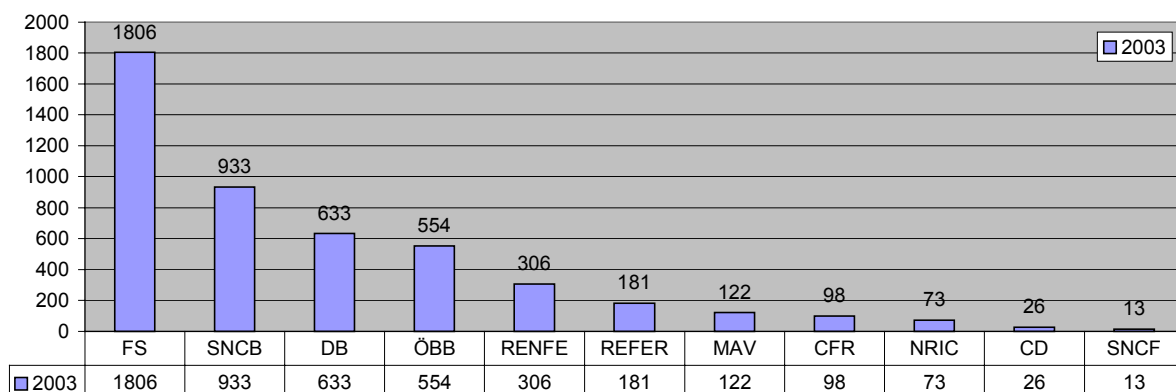
Indicateur / Indikator / Indicator 12

Investissements Transport par CA Transport (%)
 Bruttoinvestitionen Transport pro Umsatz Transport (%)
 Investment transport per turnover transport (%)



Indicateur / Indikator / Indicator 13

Investissements par sillons-km (1/100 EUR)
 Investitionen pro Trassen-km (1/100 EUR)
 Investment per trace-km (1/100 EUR)



Annexe 3 / Anlage 3 / Appendix 3

Indicateurs d'analyse sur le niveau de l'entreprise

Finanzindikatoren auf das Gesamtunternehmen bezogen

Financial indicators on the level of the company

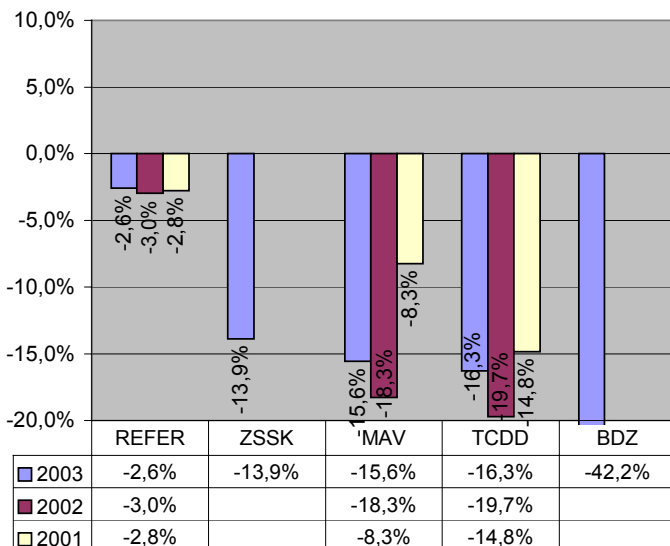
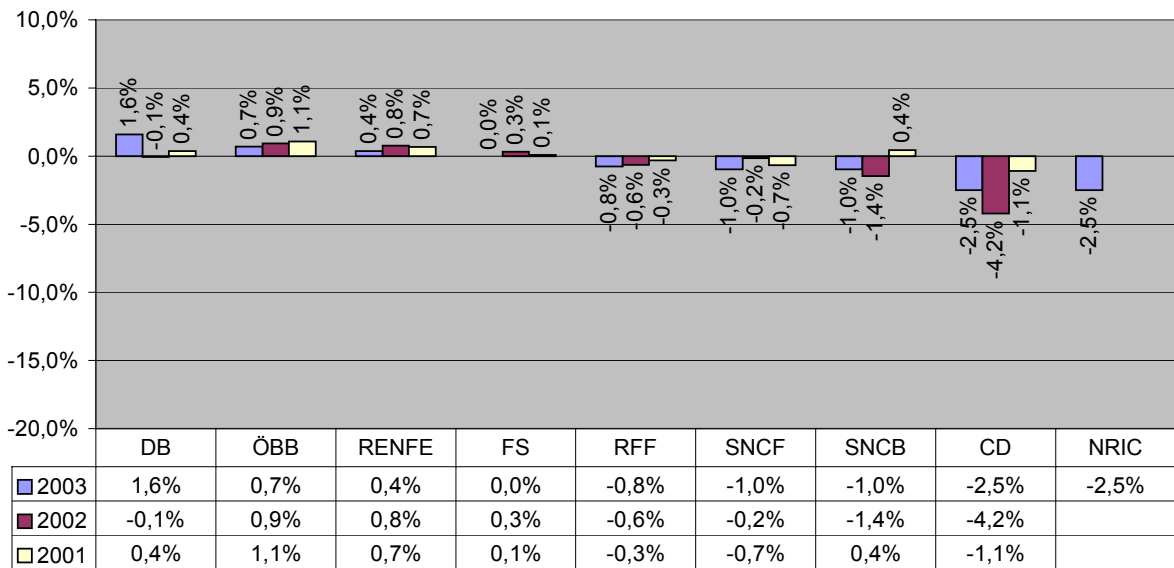
**Indicateurs 1 - 6
Evolution 2001 - 2003**

**Indikatoren 1 - 6
Entwicklung 2001 – 2003**

**Indicators 1 - 6
Evolution 2001 - 2003**

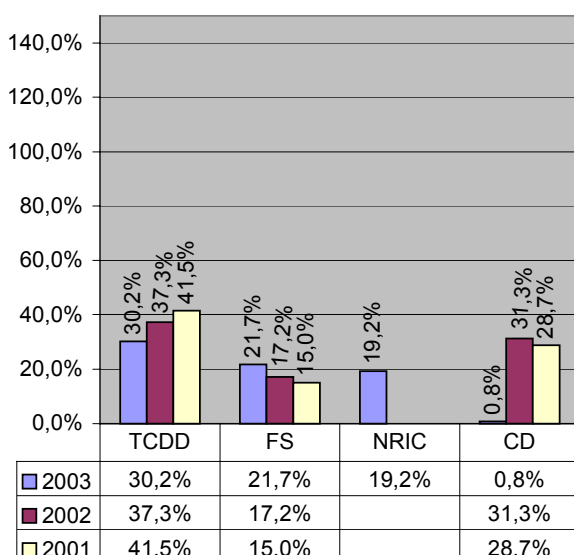
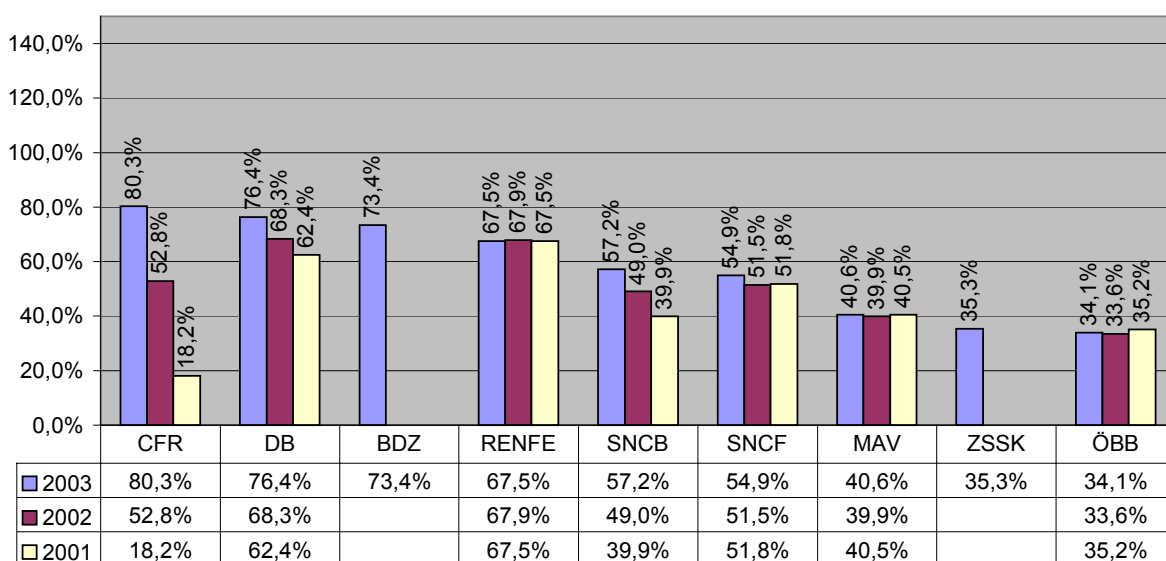
Indicateur / Indikator / Indicator 1

ROCE (%) (RCI = Rentabilité des capitaux investis)
 ROCE (Return on capital employed) (%)
 ROCE (Return on capital employed) (%)



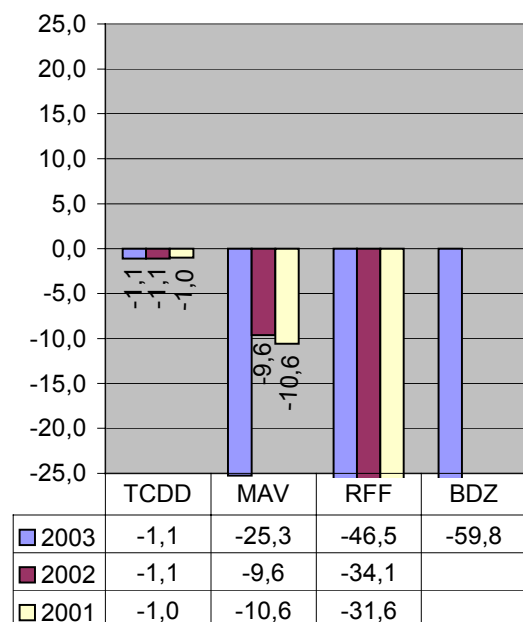
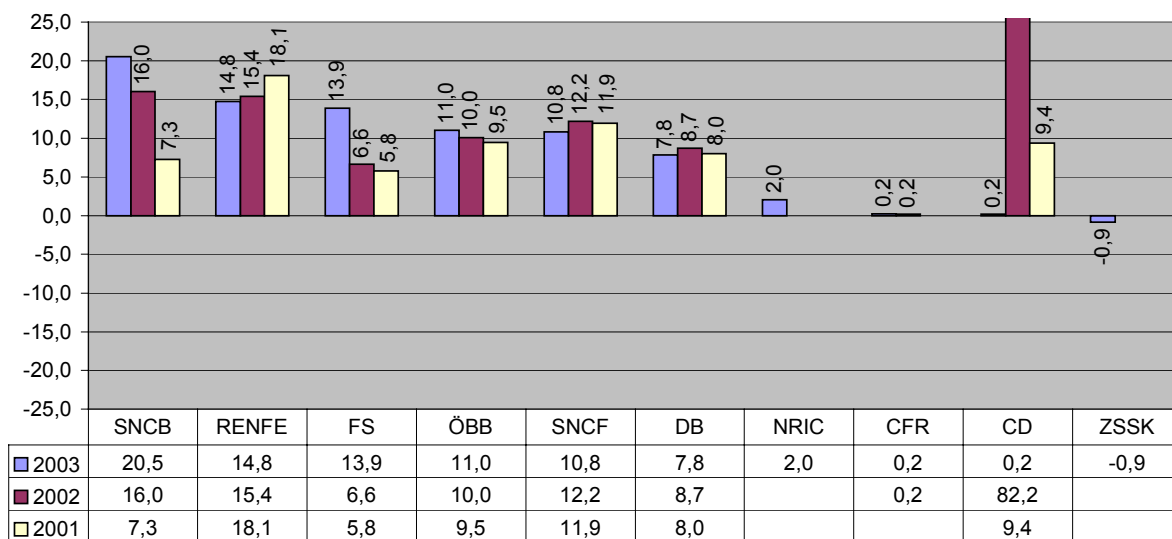
Indicateur / Indikator / Indicator 2

Taux d'endettement (%)
 Verschuldungsrate (%)
 Total debt to Capitalization (%)



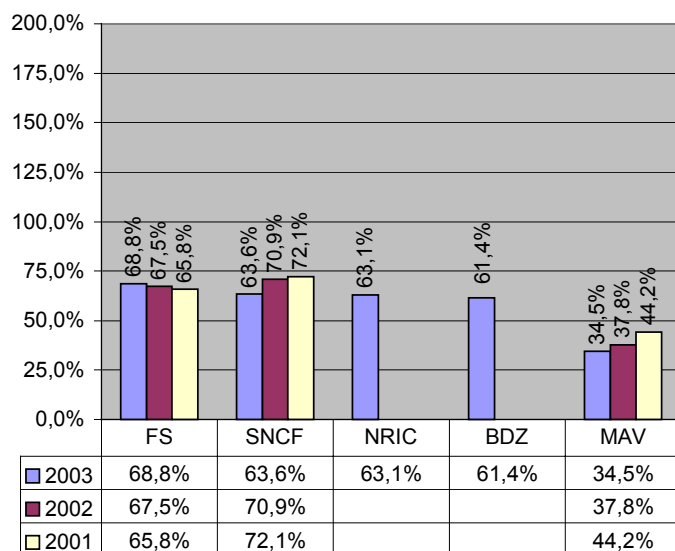
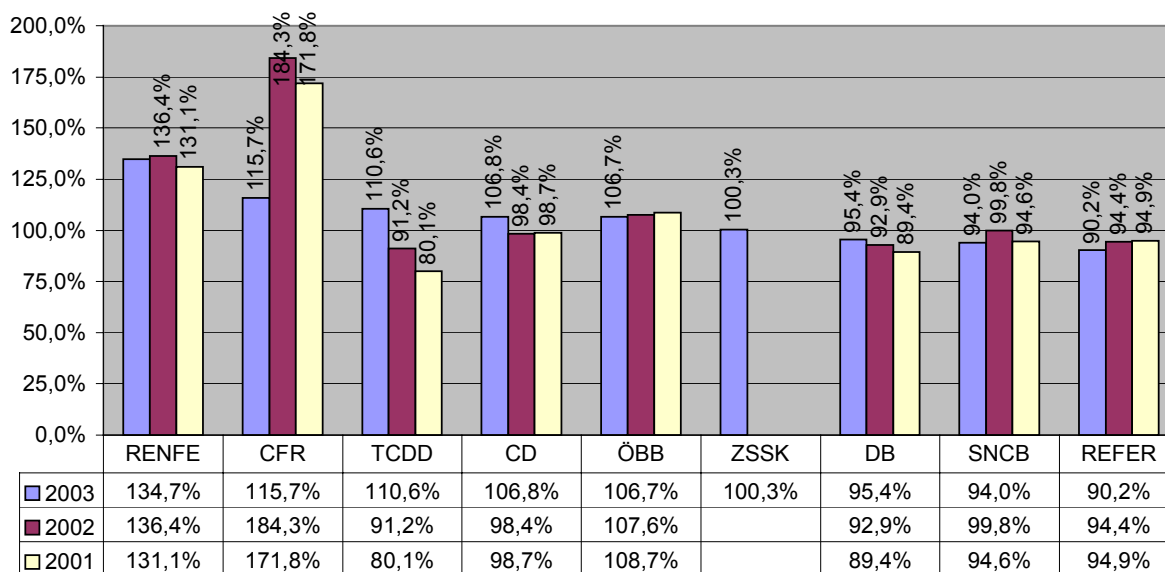
Indicateur / Indikator / Indicator 3

Taux d'endettement dynamique (-)
 Dynamischer Verschuldungsgrad (-)
 Dynamic debt to equity ratio (-)



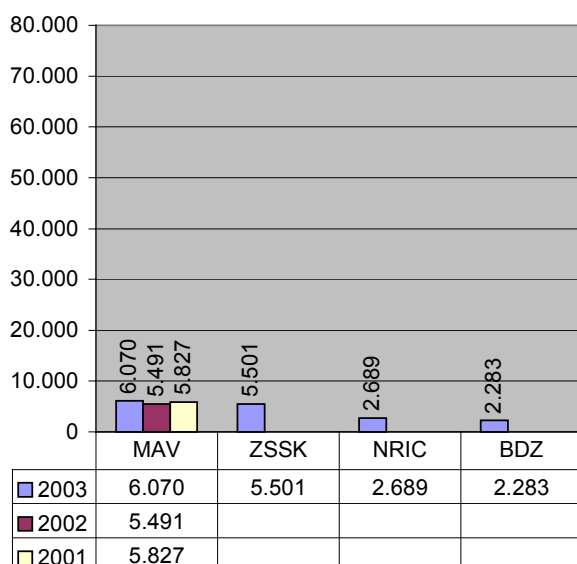
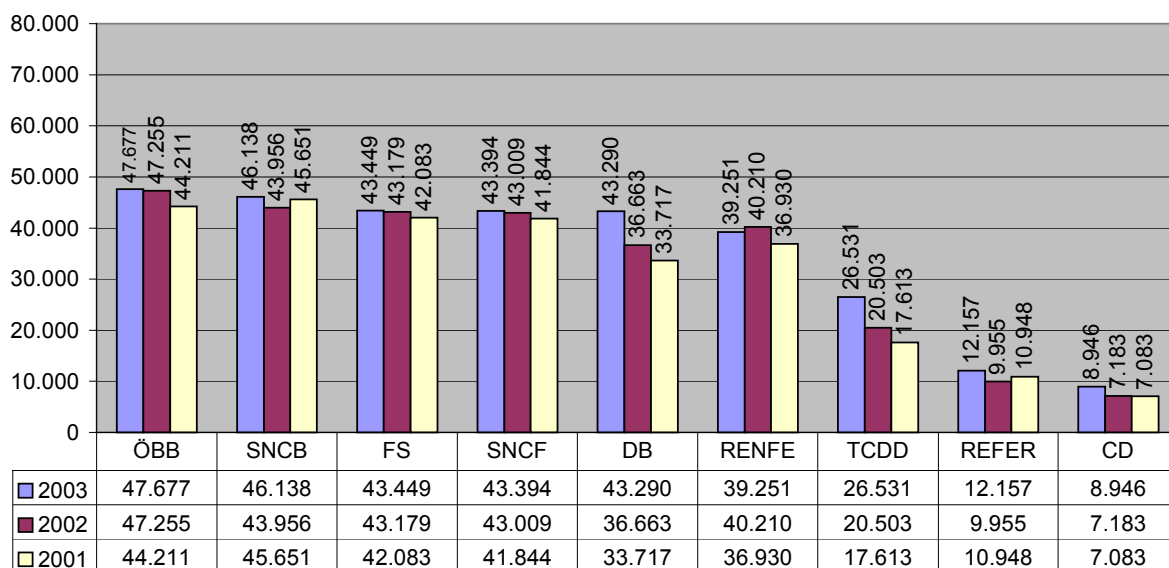
Indicateur / Indikator / Indicator 4

Couverture des immobilisations (%)
 Anlagendeckung (%)
 Coverage of assets (%)



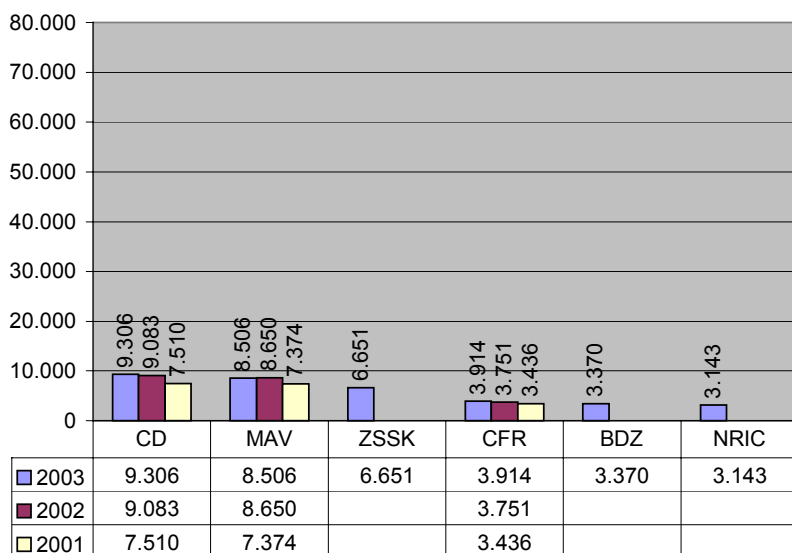
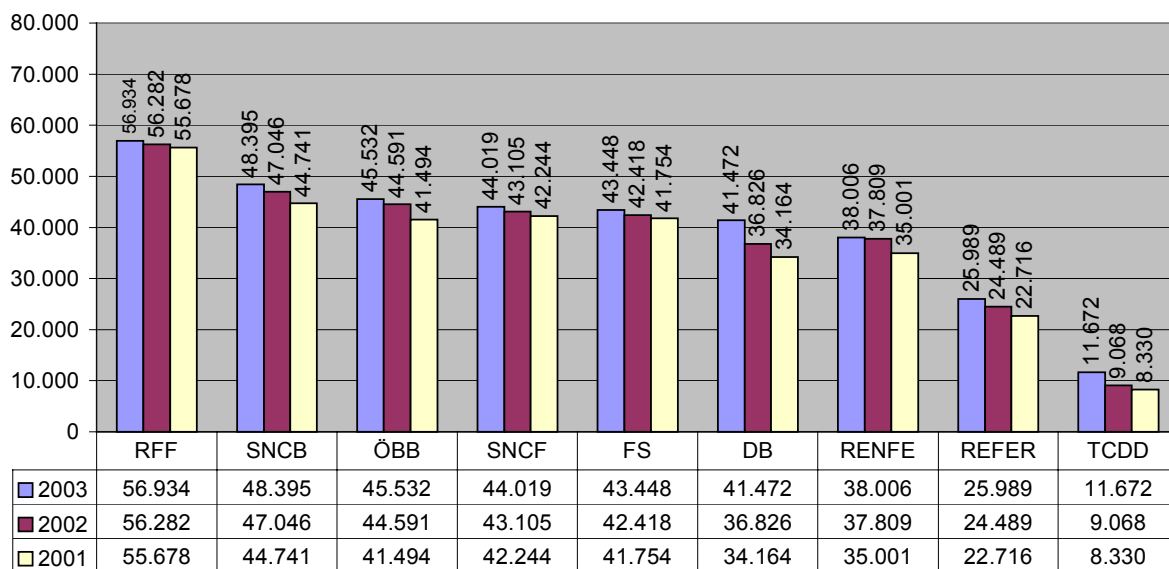
Indicateur / Indikator / Indicator 5a

Valeur ajoutée par employé (EUR)
 Betriebliche Wertschöpfung pro Mitarbeiter (EUR)
 Operating added value per employe (EUR)



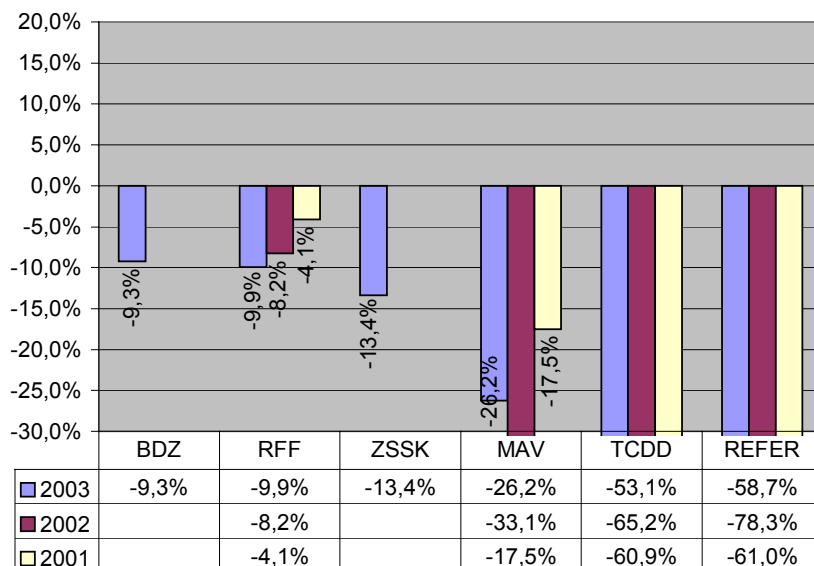
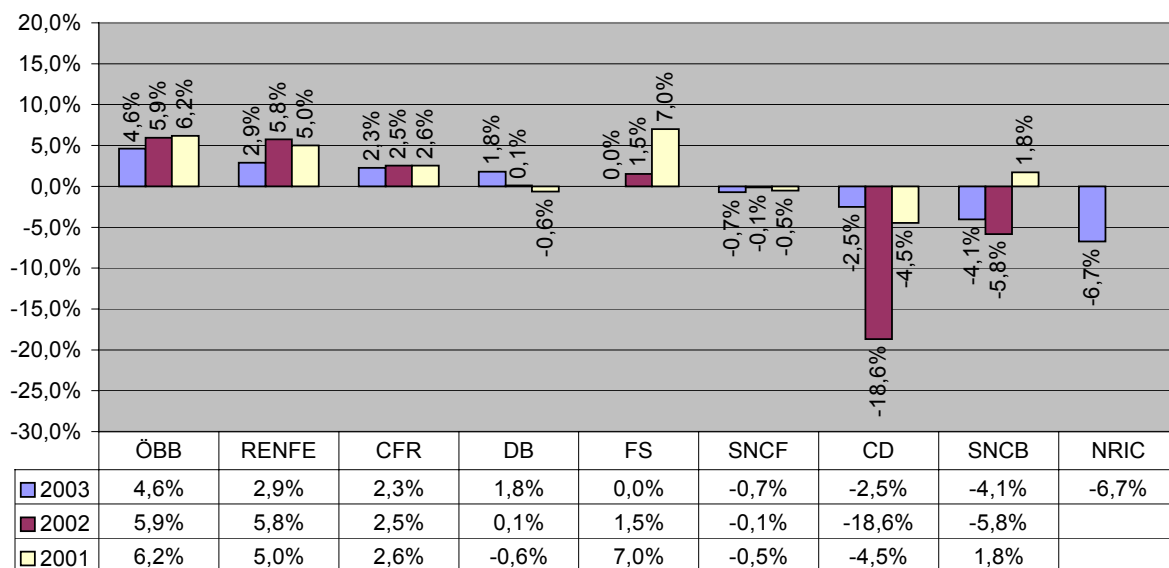
Indicateur / Indikator / Indicator 5b

Charges de personnel par employé (EUR)
 Personalaufwand pro Mitarbeiter (EUR)
 Staff costs per employe (EUR)



Indicateur / Indikator / Indicator 6

Rendement sur chiffre d'affaires (%)
 Umsatzrendite (%)
 Operating margin (%)



Annexe 3 / Anlage 3 / Appendix 3

Indicateurs d'analyse sur le niveau de l'entreprise

Finanzindikatoren auf das Gesamtunternehmen bezogen

Financial indicators on the level of the company

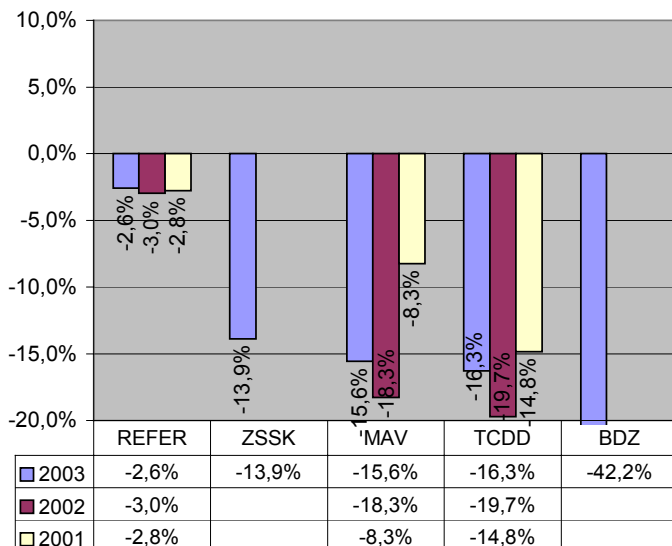
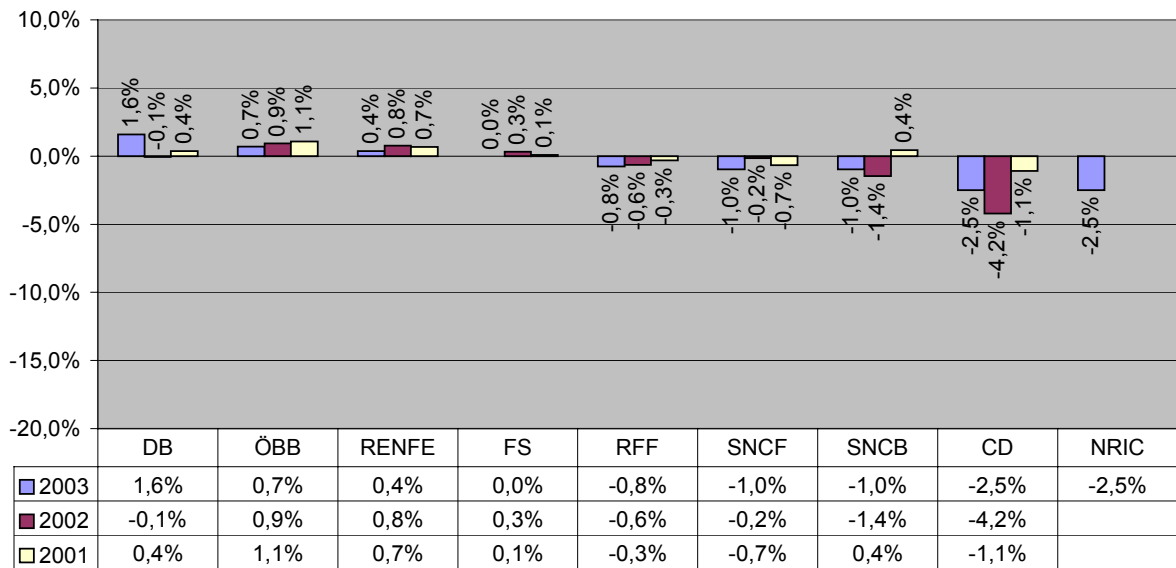
**Indicateurs 1 - 6
Evolution 2001 - 2003**

**Indikatoren 1 - 6
Entwicklung 2001 – 2003**

**Indicators 1 - 6
Evolution 2001 - 2003**

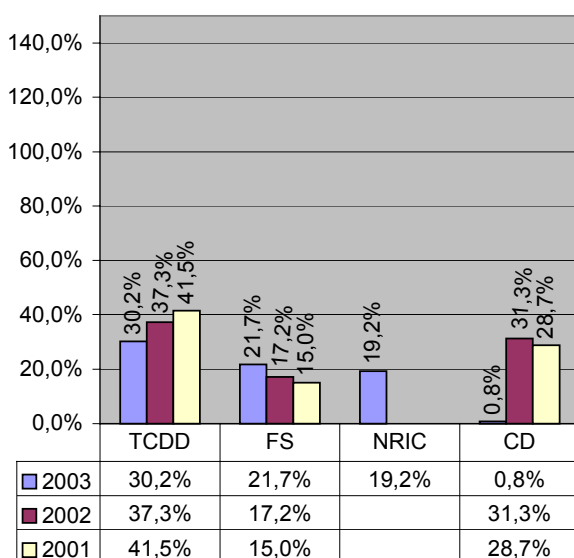
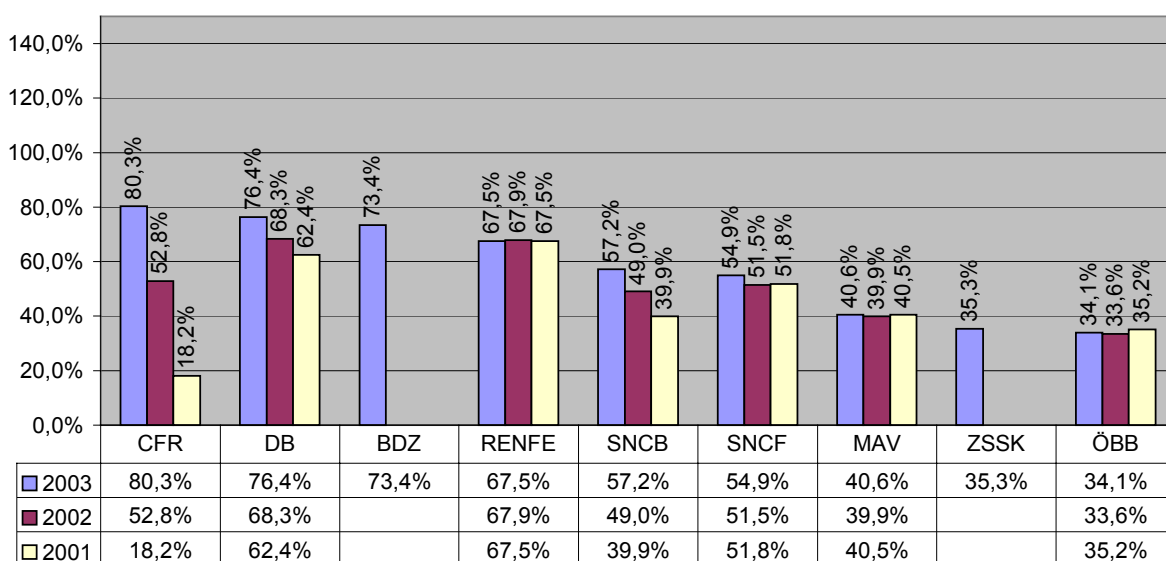
Indicateur / Indikator / Indicator 1

ROCE (%) (RCI = Rentabilité des capitaux investis)
 ROCE (Return on capital employed) (%)
 ROCE (Return on capital employed) (%)



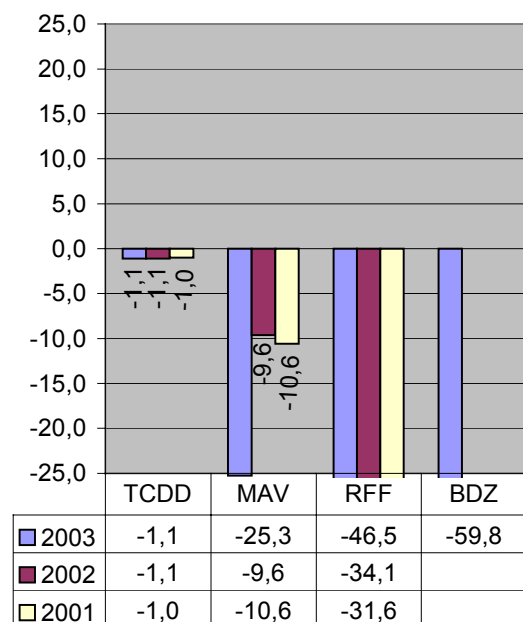
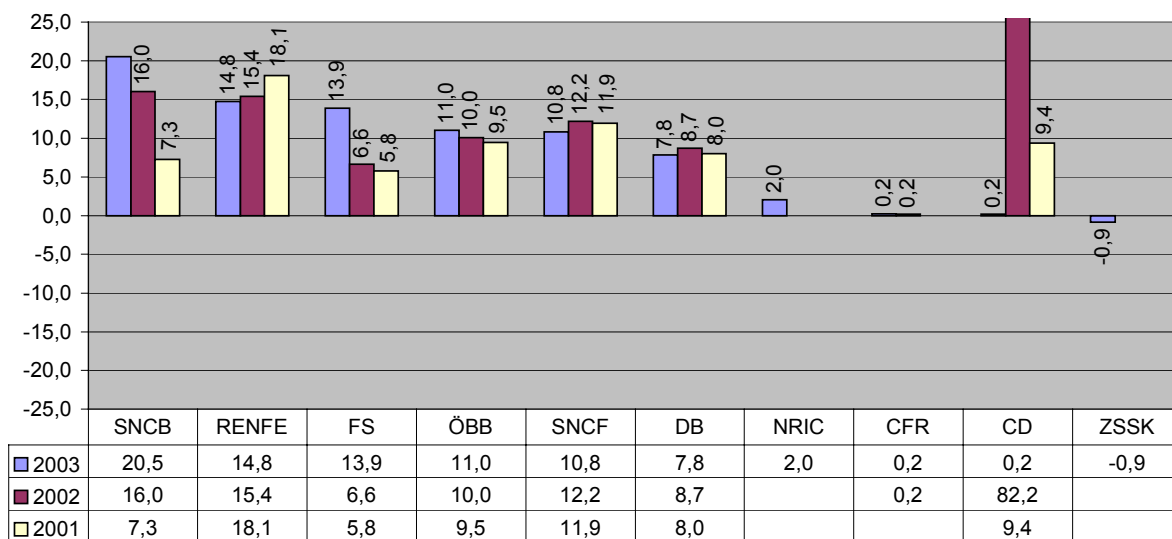
Indicateur / Indikator / Indicator 2

Taux d'endettement (%)
 Verschuldungsrate (%)
 Total debt to Capitalization (%)



Indicateur / Indikator / Indicator 3

Taux d'endettement dynamique (-)
 Dynamischer Verschuldungsgrad (-)
 Dynamic debt to equity ratio (-)

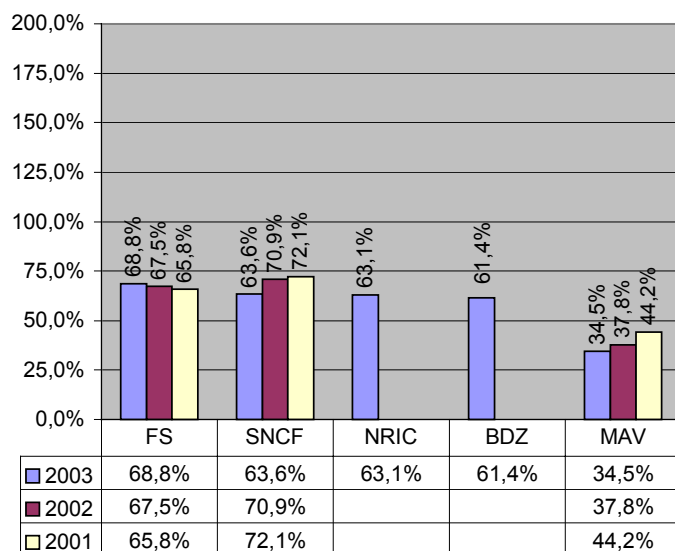
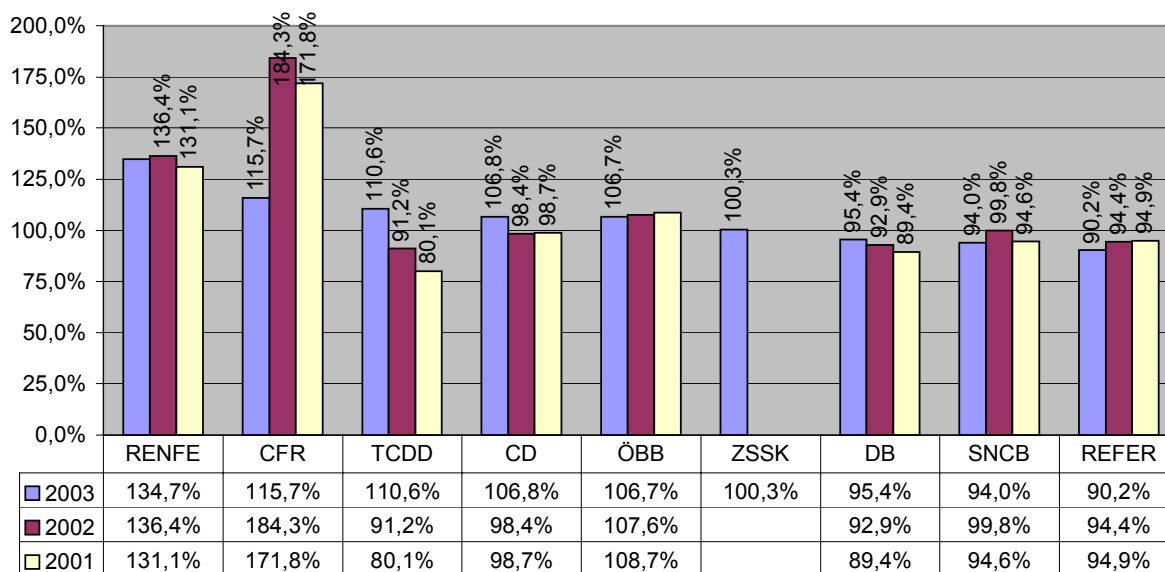


Indicateur / Indikator / Indicator 4

Couverture des immobilisations (%)

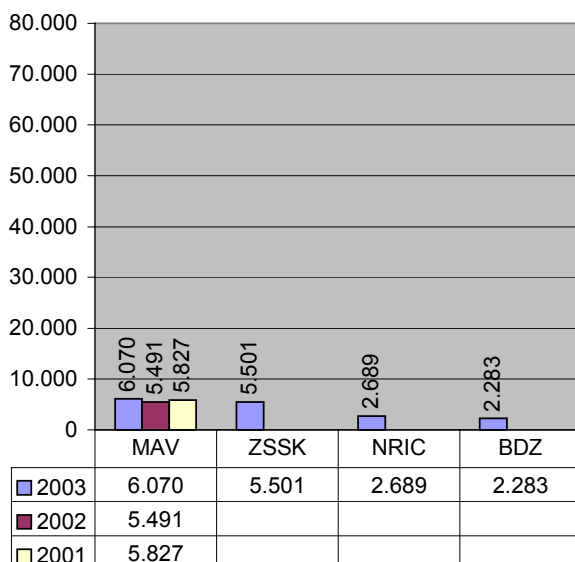
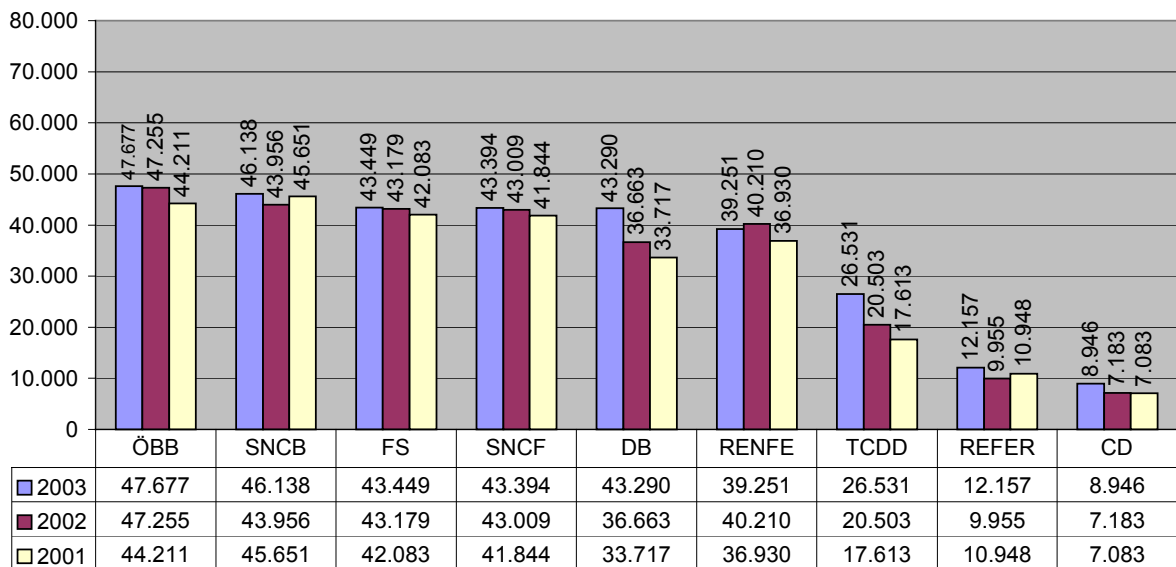
Anlagendeckung (%)

Coverage of assets (%)



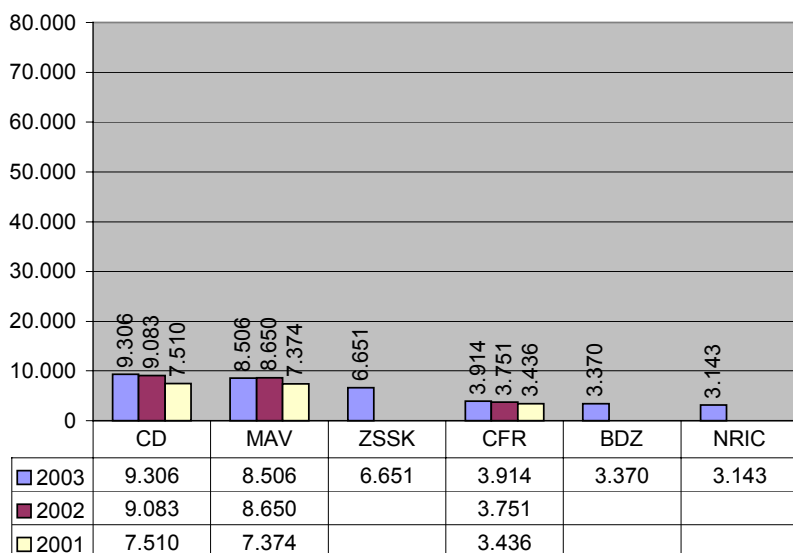
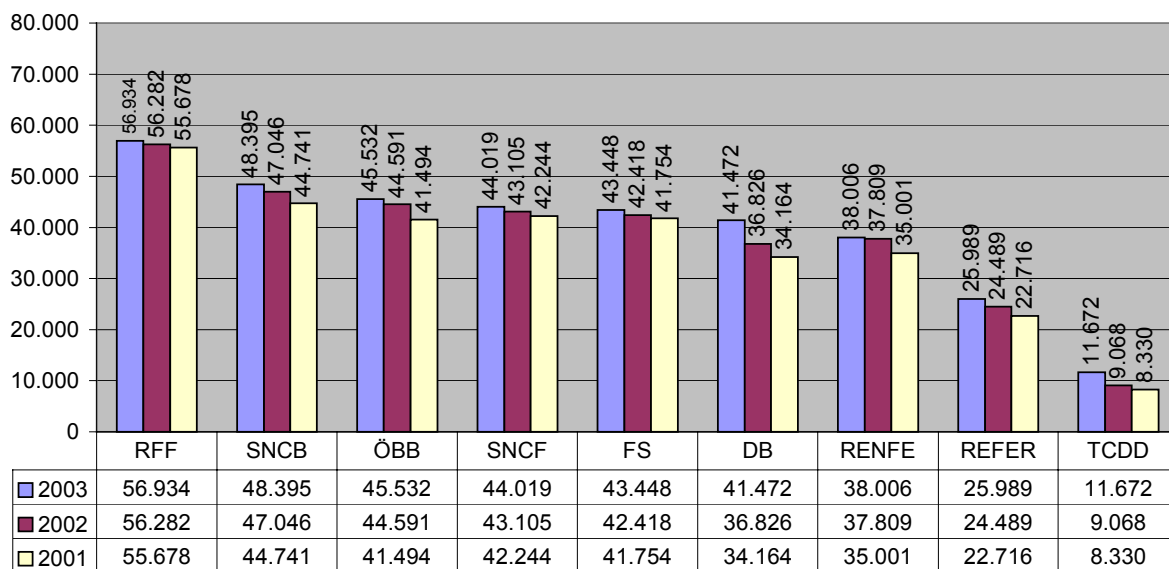
Indicateur / Indikator / Indicator 5a

Valeur ajoutée par employé (EUR)
 Betriebliche Wertschöpfung pro Mitarbeiter (EUR)
 Operating added value per employe (EUR)



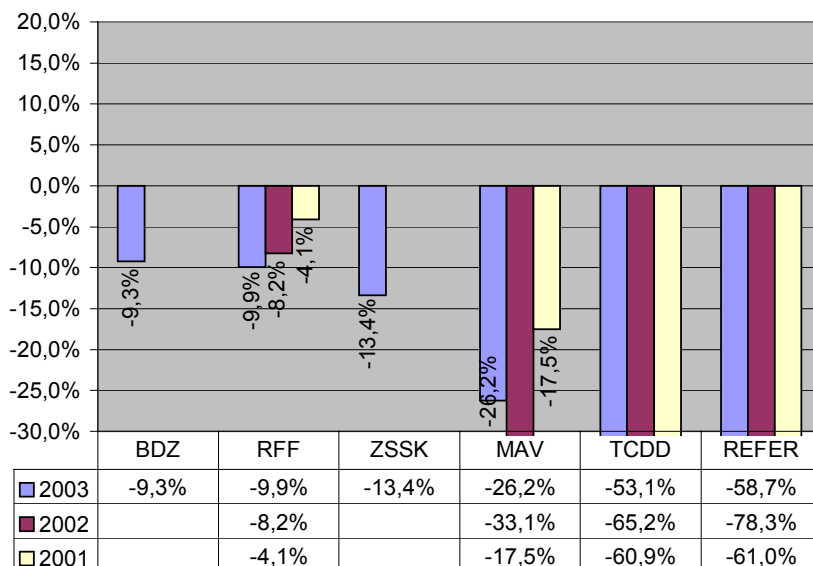
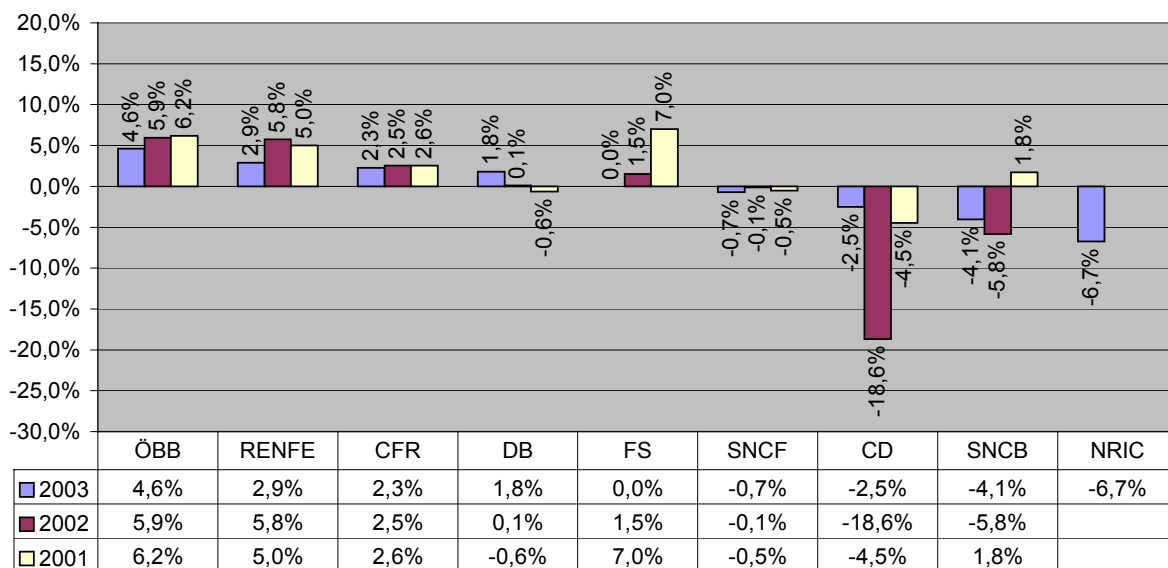
Indicateur / Indikator / Indicator 5b

Charges de personnel par employé (EUR)
 Personalaufwand pro Mitarbeiter (EUR)
 Staff costs per employe (EUR)



Indicateur / Indikator / Indicator 6

Rendement sur chiffre d'affaires (%)
 Umsatzrendite (%)
 Operating margin (%)



Annexe 4 / Anlage 4 / Appendix 4

Indicateurs d'analyse de comparaison des secteurs voyageurs, fret et infrastructure

Finanzindikatoren Personenverkehr, Güterverkehr und Infrastruktur

Financial indicators for comparison sectors passenger, freight and infrastructure

**Indicateurs 7 – 13
Evolution 2001 - 2003**

**Indikatoren 7 – 13
Entwicklung 2001 - 2003**

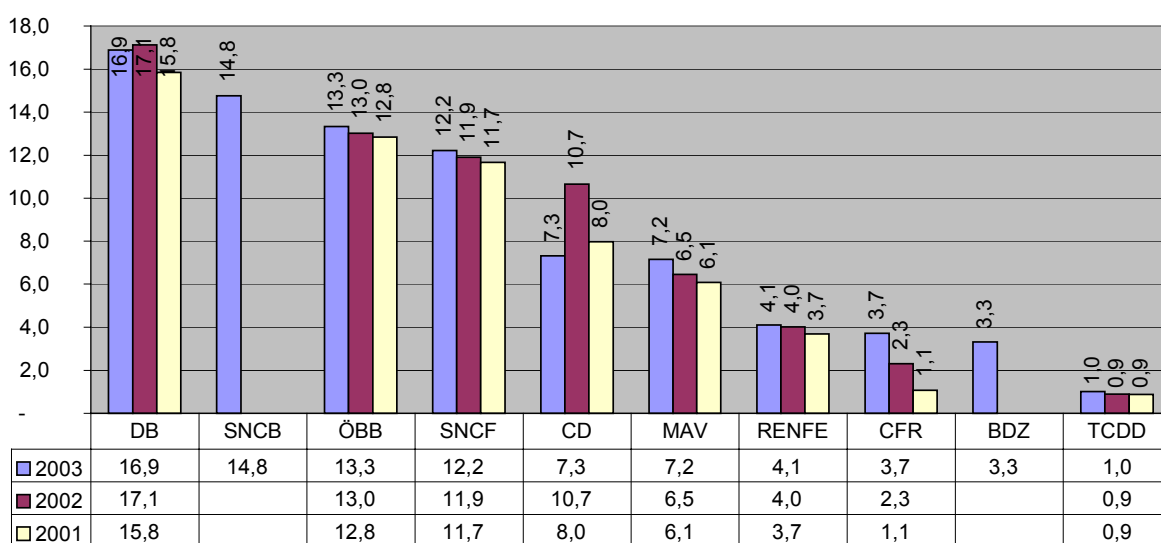
**Indicators 7 - 13
Evolution 2001 - 2003**

Indicateur / Indikator / Indicator 7

Charges du transport Voyageurs par vkm (1/100 EUR)

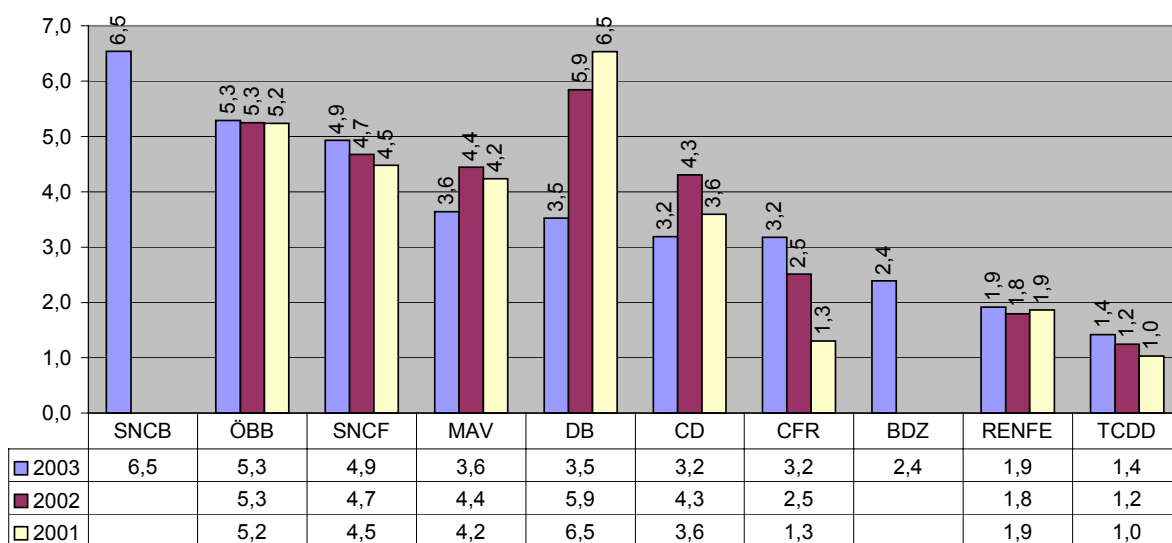
Aufwand Personenverkehr pro Pkm (1/100 EUR)

Expenditure per pkm (1/100 EUR)



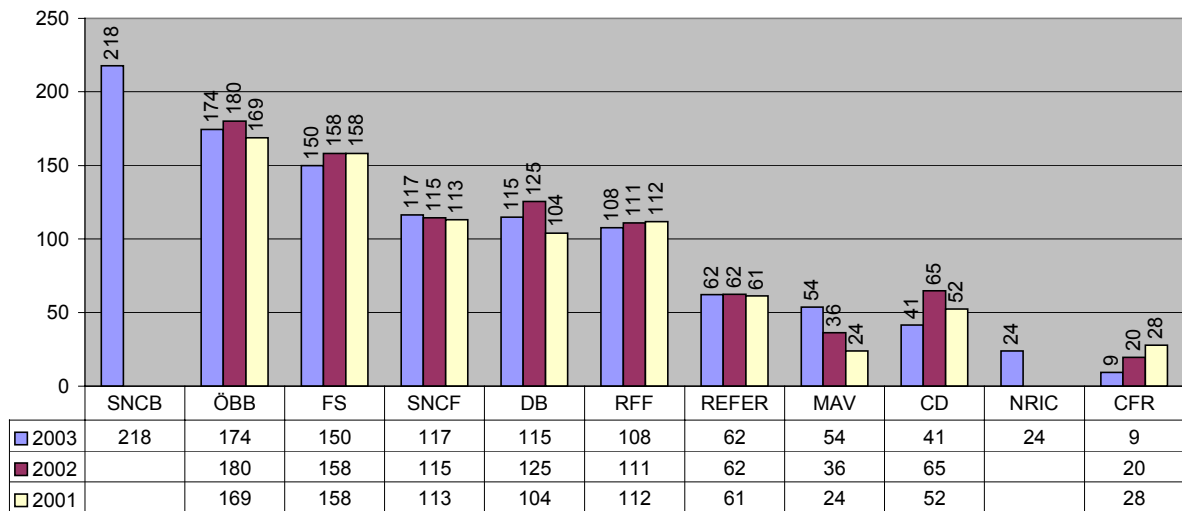
Indicateur / Indikator / Indicator 8

Charges du transport Fret par tkm (1/100 EUR)
 Aufwand Güterverk. pro Tkm (1/100 EUR)
 Expenditure per Tkm (1/100 EUR)



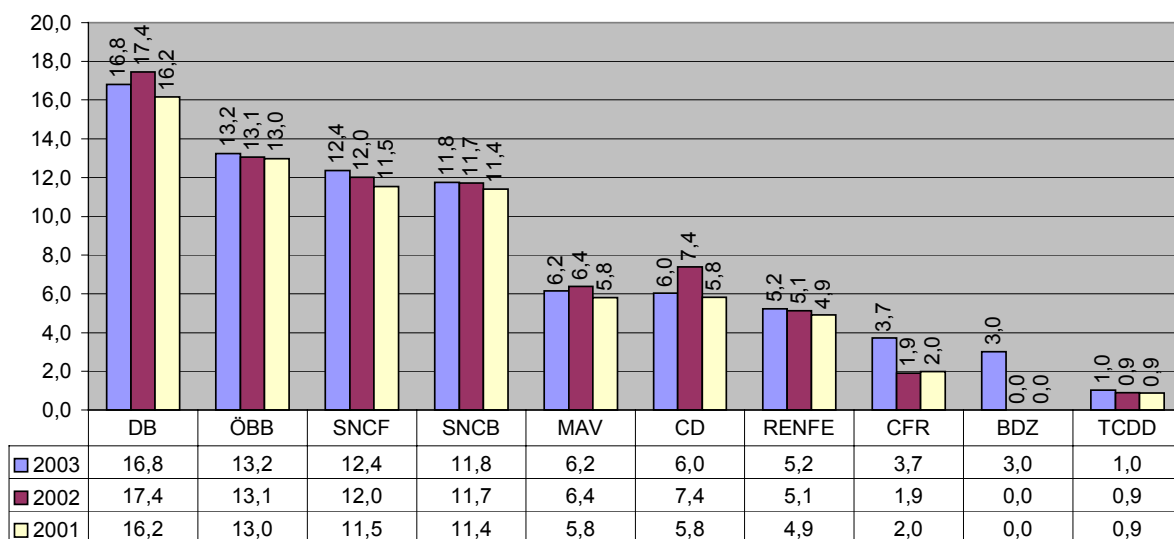
Indicateur / Indikator / Indicator 9

Charges Infrastructure par km de ligne (1000 EUR)
 Aufwand Infrastruktur pro Strecken-km (1000 EUR)
 Infrastructure expenditure per line km (1000 EUR)



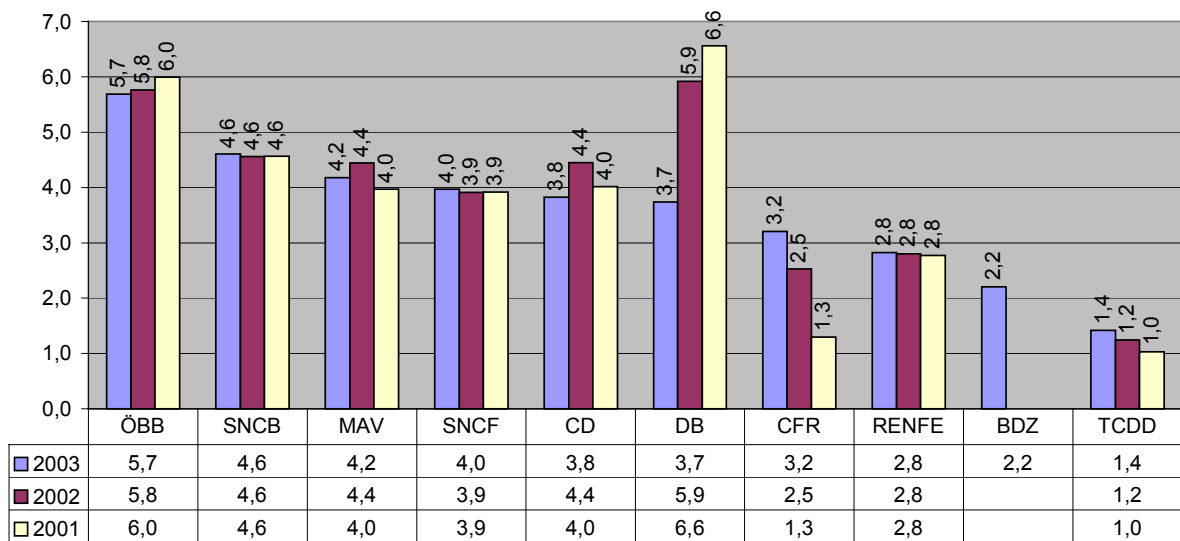
Indicateur / Indikator / Indicator 10

CA Voyageurs par vkm (1/100 EUR)
 Umsatz Personenverkehr pro Pkm (1/100 EUR)
 Turnover per pkm (1/100 EUR)



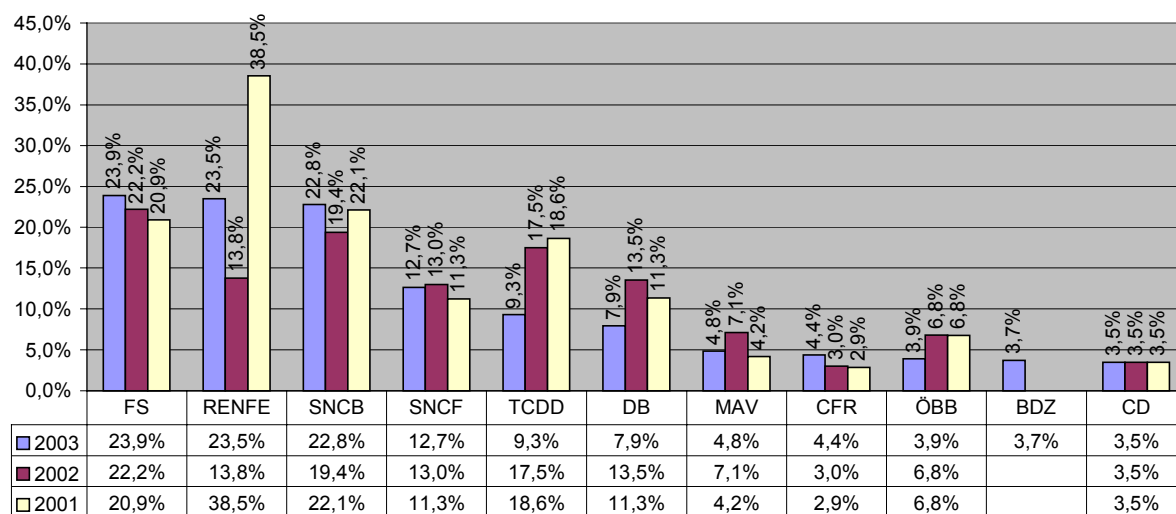
Indicateur / Indikator / Indicator 11

CA Fret par tk (1/100 EUR)
 Umsatz Güterverkehr pro Tkm (1/100 EUR)
 Turnover per tkm (1/100 EUR)



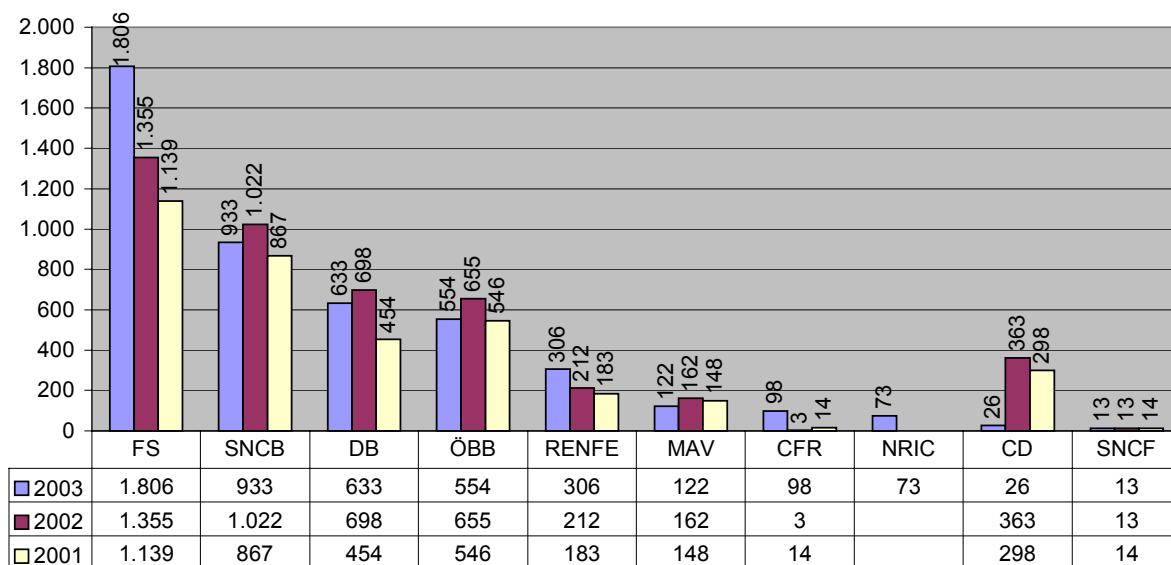
Indicateur / Indikator / Indicator 12

Investissements Transport par CA Transport (%)
 Bruttoinvestitionen Transport pro Umsatz Transport (%)
 Investment transport per turnover transport (%)



Indicateur / Indikator / Indicator 13

Investissements par sillons-km (1/100 EUR)
 Investitionen pro Trassen-km (1/100 EUR)
 Investment per trace-km (1/100 EUR)



Annexe 5 / Anlage 5 / Appendix 5

**Commentaires des réseaux concernant les indicateurs
Mesures pour l'amélioration de la situation**

**Kommentare der Bahnen zu den Indikatoren
Maßnahmen zur Verbesserung der Situation**

**Comments of the railways to the indicators
Activities for a better development of the situation**

1 - CD

General comments

Compared to the processes and procedures applied by the state organization, economic affairs of Czech Railways was managed in a different manner and in different economic conditions during 2003. Czech Railways were established in 2002 by an investment of a single shareholder, the Czech Republic, and were incorporated as of 1 January 2003. The equity separation of the transport route and contractual relationship with the Rail Infrastructure Administration (SZDC) represented an essential change. The value of the Company's fixed assets declined by CZK 1.19 billion in the period from 1 January to 31 December 2003, reaching CZK 36.24 billion, i.e. 80% of total assets. The value of current assets including inventory, receivables and current financial assets increased by CZK 5.08 billion to CZK 9.02 billion in the above period, i.e. 19.9% of total assets. The value of equity dropped by CZK 1.16 billion in the monitored period to the total of CZK 38.32 billion, i.e. 84.6% of total liabilities. The share capital amounted to CZK 20 billion, i.e. 44.2% of total liabilities. Liabilities grew by CZK 4.99 billion to CZK 6.83 billion in the monitored period, i.e. to 15.1% of total liabilities.

Effective 1 January 2003, Czech Railways commenced recognition of external payments for the use of the railway transport route by passenger and freight trains. These payments amounted to CZK 5,758 million during 2003. Compared to the state organization in the previous year, the above payments were reflected in the accounting records as an increase in consumables, i.e. expenses on the performances of Czech Railways, by CZK 5,554 million. The separation of the railway transport route's infrastructure and its assumption for administration by SZDC reduced CD's annual depreciation charges by CZK 3,633 million.

Indicator 1: ROCE (Return on capital employed)

The value of the indicator **1** is getting better reflecting reduced fixed assets by 73 %, interest free debts by 68 % and depreciation charges by 61 %. Compared to 2002, operating receivables were decreased by 54 %.

Indicator 2: Total debt to capitalization

In context with the Czech Railways reform on January 1, 2003, the discharging of 99 % debts into the state and the Rail Infrastructure Administration was executed.

Indicator 3: Dynamic debt to equity ratio

The value of the indicator **3** is better with comparison to the previous year considerably reflecting both big drop in debts and enhanced result of operations.

Indicator 4: Coverage of assets

The value of the indicator **4** looked up due to essential changes in assets and capital following institutional reform of the company.

Indicator 5a: Operating added value per employee

The value of the indicator **5a** reached better figure by 25 % in comparison with that one in the previous year. The reason for this fancied development was determined by new arrangement of infrastructure costs covering in their vast majority, which connoted increase of operating income and decline of depreciation.

Indicator 5b: Staff costs per employee

The development of the figures in case of the indicator **5b** by 2.5 % reflects the rise of wages by 5 %.

Indicator 6: Operating margin

The value of the indicator **6** was better in 2003 by 87 % due to new arrangement of infrastructure operations. The income was as turnover accounted and the Rail Infrastructure Administration covered vast majority of relevant costs.

In case of Czech Railways, the value of the indicator 6 based on the traffic receipts from clients only and did not include the income based on public service contracts. The compensations from public budgets were accounted to the other operating income. On that account, the indicator 6 is not fair comparable with the other railway companies due to the different account principles in the Czech Republic.

Indicator 7 - 13

Compared to the state organization in the previous year, the values of indicators **7-13** reflect new arrangement of infrastructure operations and payments for infrastructure use, contracted among Rail Infrastructure Administration, infrastructure operator (CD) and train operators (incl. CD). In the previous years, the expenditures of train transport contained whole costs of infrastructure maintenance and operation incl. its depreciation.

The figures of the indicators 7-13 were also partly determined by market devaluation of exchange rate by 4 % in comparison with the previous year.

Annual Mean Exchange Rate of 1 ECU (EUR) to CZK

Year	Currency	CZK
1999	ECU	36,89
2000	ECU	35,51
2001	EUR	33,93
2002	EUR	30,75
2003	EUR	31,89

2 - DB AG

The crucial point to note with respect to the benchmarking indicators for 2003 is that the data for the year in question are only partially comparable with those of previous years. The 2003 data are the first to reflect the takeover of Stinnes in 2002 and the impact it had on the figures for DB's freight business, finance and personnel data.

The substantial increase in freight turnover and tonne-km performance and a very substantial rise in staff figures are an illustration of this.

ROCE

DB's ROCE stood at + 1.6% for the 2003 financial year, having been at - 0.1% the previous year. ROCE is calculated by dividing EBIT (Earnings Before Interest and Taxes) by capital employed. Capital employed increased again, primarily because of the rise in fixed assets, supplies and operating liabilities to 30 694 million € (previous year: 27 723 million €). EBIT rose to 465 million € in 2003. The higher level of capital employed and the increase in EBIT led to a clear increase in ROCE.

When calculating the indicators, it is important to remember that EBIT is an internally-calculated quantity which does not reflect extraordinary situations such as book profits or losses and special restructuring measures. As a result, EBIT cannot be considered as the balance of the operating income and expenditure recorded in the external closure of accounts.

Total debt to capitalisation

The total debt to capitalisation - in other words the overall debt of the company divided by the sum of total debt and equity - amounted to 76.4% in 2003. Compared to the previous year (68.3% in 2002) this was an increase of 8.1 percentage points. Factors affecting this result include a fall in equity driven by company results from 7 968.5 million € in 2002 to 6 288.5 million € in 2003 and an increase in overall debt from 17 163.5 million € in 2002 to 20 383.5 million € in 2003. The rise in overall debt stems from an increase in liabilities on which interest is payable (from 11 051 million € to 12 731 million €). At the same time the cash value of the company's leasing liabilities rose slightly from 1 013 million € to 1 594 million €. This put the total level of overall debt at 20 383 million € in 2003.

Dynamic debt-to-equity ratio

The dynamic debt-to-equity ratio (overall debt divided by cashflow) stood at 7.84 in 2003, representing a fall of 0.85 over the previous year (8.69 in 2002). The reason for this improvement was an increase in cashflow from 1 974 in 2002 to 2 600 in 2003. Overall debt rose in 2003 to 20 383.5 million € (2002: 17 163.5 million €).

Coverage of assets

Coverage of assets is the ratio of equity and long-term borrowing to fixed assets. DB's asset coverage in 2003 stood at 95.4%, an improvement over the previous year (2002: 92.9%). The increase in the sum of equity and long-term borrowing reached 3 616 million €, substantially higher than the increase in fixed assets, that rose by only 2 786 million €.

Added value per employee

Added value per employee based on the average staff strength for the year stood at 36 663 € in 2002 and rose the following year to 43 290 €.

The 62% increase in operating income to 33 576 million € and the smaller rise in other operating expenditure by 59.5% was partly responsible for the increased added value per employee. The substantial rise in income and expenditure alike was a direct result of the takeover of Stinnes.

It should also be pointed out that staff numbers also increased considerably compared to the previous year as a result of the Stinnes takeover. A direct comparison between these figures and those for the previous years is therefore not possible.

Return on turnover

In 2003, return on turnover was up by 1.7% over the previous year.

This increase is the result firstly of an improved operating result compared to the previous year (2002: -35.0 million €), up 488 € to 453 million €, and a better result from affiliated companies, to 51 million €.

Secondly, 2003 saw a strong increase in turnover which had a positive influence on the value posted for return on turnover. This massive boost to turnover is again the result of the takeover of Stinnes.

Passenger traffic costs per pkm

Passenger traffic turnover in 2003 did not reach the level of the previous year.

However, an increase of 238.1 million in the passenger-km performance served to offset the negative impact of the fall in turnover.

As a result, the costs per pkm were unchanged year on year.

Freight traffic costs per tkm

With the takeover of Stinnes, freight turnover increased substantially in 2003. The values given for costs reflect this development.

However, since tonne-km performance did not increase to the same degree, the cost per tkm rose accordingly.

Even an improved operating result was unable to exert a positive influence on this indicator.

9. Infrastructure costs per route-km

Infrastructure costs were down in 2003 as a result of a better operating result.

Despite a fall in turnover of 177 million € the company posted an improved operating result of -307 million €.

A 210.6 km cut in the length of lines operated was a further factor in the reduced costs per route-kilometre.

10. Passenger traffic turnover per pkm

Falling levels of turnover per pkm resulted, as already indicated above, from a slight downturn in turnover. Increased passenger-km performance (up by 238.5) did not have a perceptible impact on the turnover per pkm.

11. Freight turnover per tkm

The massive increase in freight traffic turnover per tkm is the result of the takeover of Stinnes which pushed up turnover substantially. Tonne-km levels were also given a substantial boost as a result. Any comparison with previous years is therefore difficult.

12. Gross investment in transport operations / transport turnover

This indicator posted a sharp fall in 2003. Despite a considerable rise in transport-related turnover following the takeover of Stinnes, gross investment could not be maintained at the same level as the previous year and fell by 786 million €.

13. Investment per train path-km

Despite an increase in train path-km performance, this indicator was down on the previous year. This was caused by the lower level of gross investment in infrastructure compared to the previous year. The reduction in the operating length of lines is a further reason for the reduced level of gross investment. Here again, political decisions affecting the allocation of federal government resources to infrastructure are a factor. This is illustrated by the cut in interest-free loans, which were down 214 million € to 7 512 million € in 2003.

3 MAV

The changes of some of the main indices were partly due to the increase of the HUF/EUR exchange rate (11,2%) exceeding the inflation rate (4,7%). The fluctuation of the exchange rate in the previous years influences the comparability of the data from those years.

2000. 2001. 2002. 2003.
HUF/EUR 264,9 246,3 235,9 262,2

The continuous changes due to the reorganisation of MÁV (organisational changes, changes in the calculation and accounting methods) distort the data further.

1. ROCE

ROCE is below zero because of the permanent loss of MÁV. The programme launched in 2003, aiming to improve the efficiency of the company, resulted in the slight improvement of the index. Significant improvement can be only achieved by rethinking the structure of government subsidies based on market principles.

2. Total debt to Capitalisation

The index does not show any significant change because of its calculation method (the index is calculated based on the average of 2 years). The loans of MÁV were reorganized by the government in 2002. However, in 2003, the amount of loans increased again.

3. Dynamic debt to equity ratio

Although the Cash Flow is still negative in 2003, the index shows a slight improvement compared to 2002, due to the above mentioned programme of efficiency-improvement.

4. Coverage of assets

When interpreting this index, it must be considered that the amount of the subsidies received for reparation and development of non-state property, as well as a significant amount of bank-loans consolidated by the state are deferred. Therefore, fixed assets are financed not only from equity and debts, but from a part of the deferrals as well.

5.a. Operating added value per employee

The value of the index is influenced by the staff cut and the amount of operational value added. The latter was positively influenced by the above-mentioned reorganisation programme and the increase of the revenues.

5.b. Staff cost per employee

The wages and salaries offered by MÁV to its employees are among the lowest in the Hungarian labour market. To ensure the convergence to the average market level, the increase in the wages and the salaries exceeds the inflation rate each year. However, the value of the index decreased in 2003, due to the change of the exchange rate.

6. Operating margin

The ratio indicates the loss of MÁV. The deterioration of the operating margin can be explained by the fact that the increase of costs and expenditures exceeded that of the operating income.

7. Expenditure per pkm

The performance of passenger transport division deteriorated in 2003, while its costs increased (due to higher staff costs, inflation, etc.)

8. Expenditure per tkm

The performance of the freight transport division improved, parallel to the decrease of the costs.

9. Infrastructure expenditure per line km

The value of the index shows continuous improvement. However, when interpreting the index, one must consider the changes in the calculation and accounting methods due to the restructuring of the infrastructure division.

10. Turnover per passenger/km

The value of the index increases continuously. The slight decrease in 2003 is due to the negative effect of the fluctuation of the exchange rate.

11. Turnover per ton/km

The value of the index decreased in 2003 due to the fact that the performance of the division improved at a highest rate than its revenues.

12. Investment transport per turnover transport

The drop in the value of the index is due to the fact that the value of investments was lower than it was planned.

13. Investment per trace-km

The decrease of the index is due to the fact that there were some difficulties in the access to EU sources (ISPA) and government subsidies were lower as well.

4 ÖBB

1. ROCE

The ROCE (which is obtained by dividing EBIT by capital employed) only fell slightly compared to previous years and stood at 0.7% in 2003 (2002: 0.9 %; 2001: 1.1 %).

Capital employed as an annual average continued to rise and as a result of further high investment levels (net investments) it attained 13.842 million € in 2003 (2002: 13.238 million €, 2001: 12.227 million €).

In 2003, EBIT stood at 98 million €, a drop of about 27 million € compared to the 2002 EBIT. This can be mainly ascribed to higher expenditure – especially for depreciation, materials and diverse operating expenses – and also to higher user charges. In 2001 a figure of 132 million € was posted for EBIT.

2. Total debt to capitalisation

The total debt to capitalisation – in other words the overall debt of the company divided by the sum of total debt and equity – amounted to 34.1% in 2003 (2002: 33,6 %).

This increase is primarily due to a rise in the level of debt, in spite of an increase in equity (higher contributions in infrastructure in 2003 compared to 2002). Compared with the other railway companies, ÖBB lies in the upper bracket.

3. Dynamic debt-to-equity ratio

The dynamic debt-to-equity ratio (total debt divided by cashflow) deteriorated in 2003 as against 2002 because of a slump in cashflow and rise in total debt.

4. Coverage of assets

Coverage of assets is fairly stable and has dipped slightly because of repeated asset acquisitions (from 107.6 % in 2002 to 106.7% in 2003).

5a. Added value per employee

Added value per employee improved over the reference period 2000 to 2003.

This was mainly achieved through continuous staff cutbacks, although the added value in 2003 – principally because of rises in costs – came in at about 41 million € less than that of the previous year.

The added value per employee is very different from one country to the next. The ÖBB shapes up very well with a figure of 47.677 million € in 2003.

5b. Staff costs per employee

Staff costs per employee at ÖBB – as for almost all other railway companies – are on the rise and in 2003 stood at 45.532 million € (2002: 44.591 million €). On a positive note, there has been a simultaneous rise in added value.

6. Return on turnover

Return on turnover (the ratio between EBIT and turnover) was 4.6% in 2003, lower than the 2002 figure of 5.9%.

The drop in EBIT set against almost identical income from sales is the reason for this decrease.

Despite this, ÖBB is still in top position for this indicator.

7. Passenger traffic costs per pkm

This indicator shows a slight rise as against the comparable period 2001 – 2003.

The moderate rise in passenger traffic costs and a downturn in passenger kilometres (2003 versus 2002) contributed to this rise.

8. Freight traffic costs per tkm

Costs per tonne kilometre increased slightly. On one hand tkm rose, on the other so did expenses (materials, other operating expenses and depreciation).

9. Infrastructure costs per route km

At 0.17 million € in 2003, ÖBB's indicator is in second place compared with that of other railway companies. It has barely changed compared with previous years, since infrastructure turnover and route distances do not vary much.

10. Passenger turnover per pkm

Passenger turnover per pkm for 2003 is slightly above the 2002 level.

Despite a drop in passenger kilometres, income from sales only tailed off very slightly.

11. Freight turnover per tkm

This indicator fell as compared to previous years. Although tonne kilometres continued to climb, turnover for 2003 is slightly down on last year's level.

12. Gross investment in transport operations / transport turnover

The fall in this indicator is mainly due to lower investments in passenger and freight traffic.

13. Investment in infrastructure per train path km

Because of lower investment in infrastructure, this indicator diminished in 2003/2002.

5 FS

ROCE

In 2003 ROCE fell slightly compared to the previous year, from 0.3% to 0.0%. This happened for two main reasons:

rise in capital invested

fall in EBIT.

The EBIT was negatively impacted both by diminishing State contributions and by the rise in staff costs due to the application of the new National Labour Contract for the railway sector.

TOTAL DEBT TO CAPITALISATION

The 2003 debt ratio swelled to around 22% because of the steep rise in financial debt.

DYNAMIC DEBT-TO-EQUITY RATIO

This indicator also reflects a rise because debt has grown and cashflow has dipped slightly.

COVERAGE OF ASSETS

This is basically on a par with that of previous years.

ADDED VALUE AND STAFF COSTS PER EMPLOYEE

In the three years under consideration, added value per employee has slightly improved. This is chiefly due to staff cutbacks (109 922 in 2001 against 101 946 in 2003).

However, the staff costs indicator shows a rise on the figure for 2002, as employer costs have mounted following the application of the new national contract.

RETURN ON TURNOVER

In 2003 this indicator is zero because EBIT is zero.

6 RENFE

RENFE is a single legal entity and, as a result, does not publish annual accounts broken down into its different sectors of business.

However, when the Contractual Plan between RENFE and the state for the period 1999-2000 was officially wound up, profit and loss accounts were drawn up for the business units, including non-book entries for the services they provided for one another and their respective share of the costs of the company's Central Services (*Servicios Comunes de la Compañía*). This practice has continued through 2001, 2002 and 2003.

Consequently, to obtain the operating results before and after the financial result (points 2 and 3 of Table A3) for the passenger, freight and infrastructure business units, use was made of the accounts mentioned in the previous paragraph. These

include the net value of the services the different business units provided for one another and their share of the net cost of the Central Services.

Lastly, it should be pointed out that a number of items have not been included in this breakdown, which is why in each case (before and after the financial result) the sum of the results mentioned does not equal the result obtained for RENFE as a whole.

These items are as follows:

The results corresponding to the following activities: Integral Train Maintenance, Stations, Commercial Telecommunications and Property and Urban Development. The costs incurred in 2000, 2001, 2002 and 2003 for workforce adjustment measures, amounting to 65963, 67570, 82275 and 24465 thousand EUR respectively and included in column 2.2 of Table A.1.

State aid to finance public service contracts for commuter and regional services and the grant for infrastructure management, as well as subsidy designed to cover the cost of the workforce adjustment measures. This is entered in column 1.4 of the previously-mentioned Table and is broken down as follows:

	in thousands of EUR			
	2000	2001	2002	2003
Public service contracts	237850	242665	247285	249132
Compensation payments (as part of workforce adjustment measures)	65963	67570	82275	24465
Infrastructure management	724809	719057	724845	726143
TOTAL	1028622	1029292	1054405	999740

State compensation payments for the financial cost of its debt from RENFE, amounting as indicated to 181367, 209218, 215380 and 221669 thousand EUR for 2000, 2001, 2002 and 2003 respectively, quoted in columns 5.2 and 5.1 of the above-mentioned Table A.1.

The increase in expenditure corresponding to VAT incurred and non-deductible, as a consequence of the modified pro rata rule for this tax, amounting to 58484, 61339, 60882 and 68048 thousand EUR for 2000, 2001, 2002 and 2003 respectively and included basically in column 2.1 of Table A.1.

The new Rail Passenger Transport Security Tax, in keeping with the Tax, Administration and Social Order Measures Act 24/2001 of 27 December of that year, which must be administered, settled and collected by RENFE. Under the terms of this Act, the tax covers the provision of inspection, guard and control services for the access of passengers and their baggage to stations and other railway premises. This brought in 11407 thousand EUR during the course of the year.

7 SNCB

Indicator 1: ROCE

The improvement of this indicator showing return on capital invested is a result of a marked rise in investment (capital employed: up 22% over three years and 7% last year) combined with a rise in operating income. Although ROCE was negative in 2003, it still shows an improvement on 2002 thanks to the considerable increase of exceptional income.

Indicator 2: Total debt to capitalisation

The increase in this ratio can essentially be explained by the way in which assets are financed. Financing by borrowing has increased by almost 120% over the past three years, and 23% over the past year.

Indicator 3: Dynamic debt-to-equity ratio

While cashflow is sliding downwards (EBIT is still negative but higher than that of the previous financial period, and financial results have deteriorated), the fall in this ratio is due to a significant rise in investments which could not be financed by equity (see Indicator 2).

Indicator 4: Coverage of assets

The downward trend highlights the growing inadequacy of long-term capital to finance investments, which are rising continually.

Indicator 5a: Added value per employee

Added value per employee rose appreciably in 2003 (a 5% gain on 2002). This is due to a fall in average staff strength (-1.5% compared to 2002) along with a rise in added value (3.4% on 2002), especially under the combined effect of lower levels of materials consumption and, to a lesser degree, of outside services.

Indicator 5b: Staff costs per employee

The increase of average staff costs per employee (2.8% in 2003 and almost 12% over the past three years) – a trend that applies to the majority of railways – is essentially on account of automatic indexing of pay, and also the effects of negotiated pay rises.

Indicator 6: Return on turnover

While it remains negative, the improvement of this ratio as compared to 2002 stems from the rise in EBIT, which is higher than the rise in turnover (EBIT increased markedly compared to the 2002 figure thanks to a steep rise in exceptional income),

since EBIT climbed 3.6% compared to 2002. This rise can be observed in all sectors of activity.

Indicators 10 and 11: Passenger and freight traffic costs per unit kilometre

In both the passenger and freight traffic sectors, unit income increased slightly, by 3.8% and 0.9% respectively, under the combined effect of fare rises on one hand and a fare policy better suited to users on the other.

Indicators 12 and 13: Gross investment in transport operations and infrastructure

For these indicators, the investments taken into account are those relevant to the financial period in question and will be expressed as turnover or trainpath-kilometres in the years to come. The approach to this indicator is not, therefore, necessarily uniform. An average indicator based on several years would be more significant.

8 SNCF

1 General comments

The SNCF's reply concerns the parent railway company and not the SNCF group. The result is that as in previous years, the A3 table and indicators 7 to 9 (passenger, freight, infrastructure breakdown) have been sent as confidential information to the UIC Benchmarking Group and must not be published outside this group (this goes for the figures themselves and for the analyses drawn from them).

2 Indicator 1: ROCE

The ROCE indicator was hampered in 2003 by a number of factors: strikes in the first half of 2003 in France which led to a fall in turnover, poor climate for international travel (war in Iraq, rise in the euro exchange rate), increase of provisions.

3 Indicator 2: Total Debt to Capitalisation

SNCF's net management debt-to-capitalisation ratio fell slightly between 2002 and 2003. But the indicator calculated by the Benchmarking Group rose. However, it was primarily the fall in equity which resulted in a rise of the total debt to capitalisation from 51.5% to 54.9%. The fall in equity is a result of the rise in provisions for large-scale repairs.

4 Indicator 3: Dynamic debt-to-equity ratio

The rise in cashflow explains the fall in the dynamic debt-to-equity ratio. The rise in cashflow was itself the result of an economy drive launched in the second half of 2003.

5 Indicator 4: Coverage of assets

The fall in assets coverage is linked to the fall in equity (because of greater provisions to cover large-scale repairs) and to the growth of financial assets.

6 Indicator 5a: Added value per employee

Here, added value is considered after depreciation, whereas the SNCF normally takes into consideration gross added value, in other words without deducting depreciation.

7 Indicator 6: Return on turnover

The factors behind the downturn for indicator 1 hold true here as well.

8 Indicators 7, 8 and 9

These indicators are confidential.

9 Indicator 13: Infrastructure investment par trainpath-kilometre

This indicator is structurally weak at the SNCF, since it is the infrastructure manager RFF which makes almost all infrastructure investments.