

PERSPECTIVES FRET

The freight players' magazine

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SPECIAL REPORT

TRUSTING IN THE POWER OF RAIL P.07

**"THE QUALITY OF SERVICE HAS
IMPROVED WITH FRET SNCF.**

THIS GIVES CONFIDENCE
TO THE SHIPPERS" P.03

DENIS CHOUMERT,
Chairman of the European Shippers' Council (ESC)



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With the economy showing a slight uptick, Sylvie Charles, SNCF Logistics Director for Rail Freight and Multimodal Transport, and Denis Choumert, Chairman of the European Shippers' Council (ESC) and France's Association of Freight Users (AUTF), discuss the challenges facing rail freight and the future prospects.

How do you see the position of rail freight in France?

Denis Choumert: Operators have made huge efforts, which shippers are pleased about. The quality of service has improved, including at Fret SNCF, all of which has boosted confidence in rail freight's traditional industries: cereals, building materials, steel-making, etc. Winning back this market share will require some shippers to reopen their private sidings, so rail needs to attract bigger volumes as of now, since that will help justify investments in infrastructure. There is a window of opportunity open for rail freight right now, but the infrastructure must improve and the product offering needs to be reinvented.

Sylvie Charles: We are coming out of a tough patch going back to the 2008 crisis and a 30% collapse in demand. Now we are starting to see a tentative return to growth, which is a chance to win back lost custom and seek out new. For railway undertakings (RUs), the challenge is to go from coping with insufficient demand to handling excess supply - a great opportunity! We need to go beyond the old tripartite division of "block train / wagonload / combined transport". I think that is obsolete. Not that we are going to stop offering these services, but if we want to win custom from road, we need to bring new solutions to the table. That will be the major challenge in the next two to three years.



DENIS CHOUMERT,
PRESIDENT OF THE EUROPEAN SHIPPERS'
COUNCIL (ESC) AND CHAIRMAN OF THE
FRENCH SHIPPERS ASSOCIATION (AUTF)

SYLVIE CHARLES,
GENERAL MANAGER OF
SNCF LOGISTICS RAIL AND
INTERMODAL BUSINESS UNIT

A WINDOW OF OPPORTUNITY FOR RAIL FREIGHT

CROSS-PERSPECTIVE

How can shippers' needs be better met?

D. C.: There is market share there for the taking by rail, but it requires across-the-board action: by carriers, by government, and by shippers' own logistics specialists. The target is for rail freight tonne-km to outpace overall French GNP growth, particularly in the intermodal sector. So help us get things moving! I think we're still a bit set in our ways. You have tenders with dedicated "road" batches or "rail" batches, meaning we remain trapped in conventional thinking about block trains or wagonload... RUs need to open their customers' minds to new ways of doing transport, and support them in making that transition. Digital technology will help.

S. C.: With the crisis, shippers' purchasing departments tended to hunker down, which is understandable. For everyone to be a winner then rail needs to form part of the supply chain, which assumes that shippers' logistics specialists will be active collaborators in helping think up and develop new solutions alongside railway operators. Of course, our own sales force will have plenty of ideas.

Rail freight is increasingly going digital. What do you expect from that?

D. C.: We're only at the beginning of the process. We think it will be highly beneficial, but we will wait and see how much data on wagons and cargo is actually forthcoming. Will the data come from the carrier, from the technology designer, or from a neutral, interoperable platform which mediates between systems? There are plenty of models out there, but the technologies need to communicate with one another. We are all interested in the potential of technology to provide in-service geotracking and, especially, reliable information on arrival times.

S. C.: Unlike some other RUs, we believe in supplying our customers with fully transparent data. For this to become general practice, there need to be safeguards ensuring that no supplier can see what the others are doing. There is a need for greater automation, including by shippers. I believe that our starting-point shouldn't be the technology, it should be our customers' use cases. Digital technology is a quick way of finding solutions to longstanding challenges.

What kind of strategic role do you expect government to play?

S. C.: I'd like to know what ambitions government has for rail freight. How do they plan to help rail take modal share off road? The problem is one of fairness between modes. To create a level playing field for rail, either rail's costs need to be reduced or road's costs need to go up. One thing that is certain is that we need to better maintain our infrastructure. We have a massive problem with dilapidated sidings and some shunting and marshalling yards. In the last few months, we've experienced a series of completely unacceptable events.

D. C.: The economy's return to growth ought to benefit our major seaports and is an opportunity for rail freight. A deliberate policy of building intermodal terminals in and around major urban areas is needed to develop the retail and construction sectors. I think we are of one mind on the subject of sidings. They need to be categorise, establish an order of priority for upgrades, and so on. SNCF Réseau has started doing this, and is also reappraising the pricing for these lines. It's important to strike an economic balance, without creating a barrier to competitiveness in the rail sector.

360°



OUT IN FORCE ON SOCIAL MEDIA!

Fret SNCF, Forwardis and VIIA are all on LinkedIn, so whether it's innovation, market information, or job offers you're looking for, sign up to our pages to receive all the latest news from your partners and dialogue with experts. And feel free to share our content with your own network! Don't forget, Forwardis is also on Twitter (@Forwardisgroup).

 www.linkedin.com/company/fret-sncf/

DIGITAL FREIGHT TRAINS HIT THE RAILS

Services such as real-time tracking, geofencing, full traceability of all stops and movements, and impact detection are now standard on Fret SNCF's digitally equipped trains. The services will initially be on offer to our shipper customers as part of the "general cargo logistics" package they receive, and will be used to optimise the wagons used for such traffic. The goal is to fit 6,000 wagons with geotracking devices by end of 2018.



International Week
of Transport and Logistics

SEE YOU AT SITL

Fret SNCF will be attending SITL Europe (International Week of Transport and Logistics) from 20 - 23 March 2018 in Villepinte. The fair is an unmissable opportunity not only to meet key players in freight and logistics but also to discover new innovations and learn about best practice on the market via conferences and dedicated days such as the European Rail Freight Day on 22 March.

 www.sitl.eu

 MORE INFO
www.fret.sncf.com

(ALMOST) DRIVERLESS TRAINS FROM 2021 IN FRANCE?

SNCF, research institute Railenium, Thales, Actia Telecom and French space agency CNES launched the TC-Rail project (remote-controlled train operation). The project aims to demonstrate the possibility of driving a train at a distance with a driver on the ground while maintaining a very high level of safety. Between now and 2019, two demonstrators — one on remote-controlled train operation and the other a newly developed obstacle-detection system — are expected. Freight shunting operations may be partly automated from 2021, a development which would enable speedier turnarounds whilst reducing energy consumption. If the project succeeds, France will be one of the first country in the world to run driverless trains on open track.

LOOKING AFTER OUR LOCOS

On 19 October, Fret SNCF inaugurated its new light maintenance depot for freight locomotives at the Le Bourget freight yard just north of Paris. The new facility is part of the company's industrial strategy to optimise the maintenance of motive power units. The site at Le Bourget was chosen because, due to the gaps in service created by the rostering, it has the longest dwell times for Fret SNCF locomotives in the whole of France. The depot will significantly reduce the cost of moving and standing down locomotives, thus boosting efficiency.



SYLVIE CHARLES

GENERAL MANAGER
OF SNCF LOGISTICS RAIL
AND INTERMODAL BUSINESS UNIT



INVENTING AND REINVENTING IN 2018

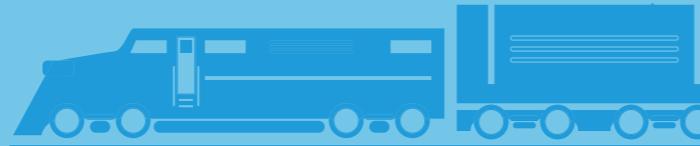
The economic environment is finally starting to look more favourable for most industries. And so, in 2018, the time is right for the rail freight sector to lay the groundwork in order to reclaim a prominent position as a transport strategy of choice among shippers. At Fret SNCF, we have put a lot of work into redesigning and optimising production methods in order to improve efficiency. The next step is to open up our offering in order to broaden our range of rail solutions, thereby increasing our capacity to attract greater volumes of freight to the rails. Another transformation will play out in our operational teams and locomotives. Exciting digital tools and connected sensors are being developed, and will allow us to automate certain parts of the transport preparation process. The next few months will herald an important milestone, with the approval of new inspection methods by the French Railway Safety Authority. At long last, rail freight transport will be able to benefit from clearer, more regular information to shippers on consignment monitoring and any potential issues. And with the arrival of information systems that integrate with geolocation and wagon fleet monitoring tools, we will continue to see progress in this area. Let's work together to shape the railways of the future!

Deciphering

130 days to help sugar producers achieve their international ambitions

SWEET SUCCESS FOR THE INDUSTRY AS A WHOLE

Every year, from mid-September through to January, trains laden with sugar beets depart northern and north-eastern France, where the beet farms are concentrated. But where are they heading? The beets for export are going to the ports in Le Havre, Rouen, Dunkirk and Antwerp; others are heading south to beet silos in Italy or on the Spanish border. Known as the "sugar campaign", this is the time of the year when the sugar beets are harvested and processed.



NEW EXPORT POTENTIAL

Until 2017, sugar production in the European Union was subject to quotas. These were abolished on 1 October 2017, removing the barriers to export and paving the way for sugar producers like Cristal Union (one of France's biggest) to increase production. The upshot is that sugar storage is an increasing challenge. Given the need to secure outflows from production plants and supply port-based silos as quickly as possible, reliability is henceforth top of the agenda for Fret SNCF and our partners.

VOLUMES ARE UP

The wagons are loaded with beets upon their departure from the 12 sugar plants with private sidings. The total volumes carried by rail during the "sugar campaign" equate to some 200,000 to 250,000 tonnes of sugar. Cristal Union alone plans around 175 trains this year, almost double the number in 2016, an increase largely due to the end of quotas.

NOT FORGETTING COMBINED TRANSPORT...

Fret SNCF is no slouch when it comes to medium-sized shipments, and runs rail-road convoys between France and Italy on behalf of combined transport operator Cemat, as well as for Forwardis. The latter also offers a supplementary containerised product using Fret SNCF trains, as well as CT block trains (known as "company trains"), whereby the sugar is loaded into containers and conveyed to a logistics hubs in Mantua (Italy) before being delivered to the end customer by road.

(1) A combined transport (CT) train dedicated to a single shipper.

➕ MORE INFO
www.fret.sncf.com

RAIL RISES TO THE CHALLENGE

For sugar producers, export competitiveness starts on *terra firma*, from the time the product leaves the plant for the port until it is loaded onto the ship. Here, the cost and reliability of port logistics systems make rail transport a competitive prospect. This is a view shared by the industry's big hitters: for instance, Cristal Union has built or renovated a number of wagon loading bays and industrial sidings facilities, while wagon lessor Ermewa has overhauled its fleet of 200 wagons to better meet customer needs.

ALL HANDS ON DECK

Fret SNCF usually runs around 300 trains during the "sugar campaign". Our customers include freight forwarders Forwardis and VTG Rail Logistics, whom we supply with the full range of freight products – block trains, Optifret and MLMC wagonload. Market leader Forwardis uses and autonomously manages over 300 Ermewa wagons to meet its customers' needs.



Special
report

Whether steelmaking, chemicals, cereals, or automotive logistics, Fret SNCF has scored some impressive successes in recent months, securing contracts in various markets. Nearly all are international in some way and set out more ambitious quality undertakings to be met by Fret SNCF, to better and more seamlessly incorporate carriage by rail into shippers' overall logistics flows.

TRUSTING IN THE POWER OF RAIL

ArcelorMittal, France's biggest steelmaker, has entrusted Fret SNCF with all its rail-bound consignments to and from France, both for domestic transport and for shipments to the rest of Europe as far as Poland. The contract spans four years (2018-2022), and "demonstrates the confidence ArcelorMittal places in rail, to the extent that it forms part of their corporate strategy", says Fret SNCF Sales director Stéphane Chabeau. "Clearly, they have expectations, and we will strive to meet those. That is very much what is behind Fret SNCF's various commitments, particularly on quality of service". The main international

destinations are Germany, Belgium and Italy. Other than on routes to Belgium, which is served by Fret SNCF directly, some of these trains will be run by Captrain. This will foster greater complementarity within SNCF Logistics. The total annual transport volume will be 4,700 block trains and 32,000 wagons in wagonload traffic. In order to cope with the extra volumes expected over the course of the contract and boost productivity on the strategic route between Dunkirk – Ebange in Lorraine, Fret SNCF will also increase the capacity of its trains to 4,200 tonnes. And from 2018, the steelmaker's wagons will be fitted with geotracking devices as part of the rollout of digital freight trains (see page 4).



At the ArcelorMittal Atlantique et Lorraine site in Florange in eastern France, the coils of hot-rolled steel are moved into on-site storage at the plant.

••• MORE AND MORE CEREALS TRAINS

Another industry leader which relies on rail is Roquette, the world's biggest supplier of plant-based ingredients. The firm optimises its rail-bound goods volumes, a choice which offers greater flexibility and supports its cereal supply strategy. As Roquette continues to grow internationally, collaboration with Fret SNCF has spread to encompass the rest of Europe. The agreement signed in 2017 brings together all of Roquette's contracts for carriage by rail. This success story is the fruit of collaboration between teams at Roquette and Fret SNCF,

who have shown their ability to come up with new made-to-measure solutions to logistics challenges.

TAKING A STAKE IN GROWTH AT GEFCO AND KEM ONE

Fret SNCF has also signed a far-reaching contract covering the period to 2019 with GEFCO, Europe's biggest automotive logistics operator. The contract covers door-to-door transport services in France and abroad (Belgium, Italy, Spain, Central Europe, etc.). "In order to meet the standard required by GEFCO

and the logistics needs of the manufacturers who are their customers – specifically on carrying capacity and delivery times – Fret SNCF has introduced a dedicated management structure. The setup is innovative and is based on real-time monitoring of all the stakeholders involved in the supply chain for the new vehicles, whether they be in-house at Fret SNCF or external sub-contractors", says Commercial Director Yves Antoine.

Our relationship with French chemicals firm Kem One, based in southeast France and Europe's second-biggest PVC producer, also goes back years. Fret SNCF and Kem One have concluded a new contract for a three-year partnership, which in Europe covers the supply of raw materials and the shipping of finished products in block train and wagonload traffic. "Fret SNCF is now Kem One's number-one provider of transport services. In renegotiating the contract, we each analysed our respective constraints and amended the schematic freight flows in order to make significant savings", explains Kem One Purchasing and Supply Chain Director Pierre Fauvarque. "We have boosted volumes on our two major flows whilst simultaneously releasing a train path. The savings made have been shared, bringing about a major overall reduction in our rail transport costs and more satisfactory transparency on pricing. Our transported volumes are up, and we are assessing whether it makes sense to move from road haulage to wagonload (MLMC) or rail-road for caustic soda and PVC, particularly for those shipments bound for Italy." Having stood by Kem One during difficult patches in the past, Fret SNCF is proud to help one of France's major chemicals players continue on its path of renewed growth.

POINT OF VIEW

OLIVIER JUBAN,
FRET SNCF DIRECTOR (AUTOCHEM)



Shippers want to work with partners who can support them through the continuous and sometimes unpredictable process of sourcing their flows. They may need to do this several times a year and it is sometimes a question of geography, other times one of volumes. That requires responsiveness when designing transport plans and the product offerings that go with them. Most of our customers' business extends beyond France, meaning that

they want support across Europe, as well as a dialogue which takes the market price often dictated by the road sector, its starting point and arrives as its starting point and arrives at an ad hoc, competitive industrial solution. They also rely on our proven ability to keep goods safe and secure, especially for chemicals and other dangerous products. On many of our contracts, Fret SNCF has successfully created a dialogue

FIND THE RIGHT BALANCE BETWEEN THE RESOURCES WE DEVOTE TO THE JOB AND THE MARKET PRICE.

between the customer's transport budget and the restrictions they can accept. The trick is to find the right balance between the resources we devote to the job and the market price. More flexible product offerings like Optifret (see pp 10 & 11) also

help us persuade shippers to shift traffic from road to rail. That is what we did for Danone, where we run weekly shuttles of 10-wagon "coupons". We have also introduced measures to improve response times for our various product offerings and the associated pricing, particularly in our international business. Furthermore, digital technology offers great potential for improvements to the quality of operational monitoring and contract management, and our customers have great expectations. We have room to improve further, particularly as regards business engineering, to keep coming up with innovative products which are in sync with customer needs. Quality dialogue between us and the customer is key.



|| THREE QUESTIONS FOR...

NATHALIE DEBAÏSEUX,
Head of Rail Logistics (Cereals) -
Raw Materials Department
at Roquette

What are Roquette's transport-related challenges/constraints?
Worldwide, Roquette consumes over eight million tonnes of raw materials, so we have to manage

supplies sustainably, responsibly, and locally at each of our production sites. Our plants work round the clock, and any stoppages are highly damaging to production, with a knock-on effect on deliveries to customers. In cereals, every year is different. It is thus vital that we think ahead and optimise our supply chain end-to-end, from supply through to final delivery, in order to meet our customers' daily needs in the food, nutrition and health industries.

What does the new contract with Fret SNCF mean for Roquette?

At Roquette, we have renewed our partnership with Fret SNCF with the aim of optimising and potentially increasing the volume of goods we ship by rail, which we hope to achieve thanks to greater flexibility. The contract represents a new service offering which is all about continuous improvement and enhanced performance for each partner. It is thus better suited to supporting Roquette's cereals supply strategy.

"THE CONTRACT BETTER SUITS TO SUPPORTING OUR CEREALS SUPPLY STRATEGY."

And why choose rail?

Though rail is sometimes less flexible than other modes of transport, it is good at carrying large quantities of raw materials over long distances in a short space of time.

Using rail enables us to source our supplies sustainably and responsibly, combining economic performance and a small environmental footprint. This mirrors our own commitments to sustainability.

LET THE TRAIN TAKE THE STRAIN WITH FRET SNCF!

Combining a detailed knowledge of our transport schedule with the latest in digital technology, Fret SNCF can more efficiently identify attractive transport opportunities for its customers. On top of our block-train and multiple-batch / multiple-customer wagonload products, we have now launched Optifret to exploit every drop of residual capacity. Responsiveness guaranteed!



Attractive coverage nationwide
Do you ship some or all of your goods by road because your volumes are small or infrequent? Then we may have the solution to your needs: Optifret is available at all of Fret SNCF's loading and unloading points nationwide, so get in touch!



We're listening
Your regular sales contact will be happy to guide you through the new transport opportunities available, so, if you have not been contacted yet, don't hesitate to contact him/her directly. Alternatively, contact one of the people below.

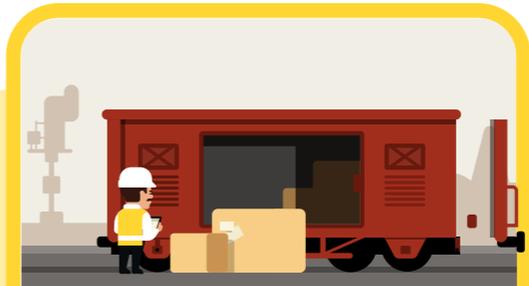


Tell us what you need
Your sales manager will then meet with you to examine how Optifret – our innovative product offering which uses residual capacities and is available for convoys of one wagon or more – can help you move medium-sized volumes.



Rapid response
Within a short space of time, you will then be sent a feasibility study based on the residual capacities thus identified, a confirmation of the technical details, and a financial estimate.

15 DAYS



Try it and see!
Optifret is available to try on a no-strings-attached basis, and thus represents a new solution for you to try out whenever you choose, e.g. during busy periods or for last-minute orders.



Learning from experience
Together we will examine how things went and identify any adjustments necessary, based on your needs.

APPRAISAL



To find out how we can help: If you do not already have a contact at Fret SNCF, please contact
catherine.parize@sncf.fr
or
eric.lanzeray@sncf.fr



Choosing Fret SNCF means reducing your CO₂ consumption: a freight train of 22 wagons = 50 trucks