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THE SWEDISH TRADE & INVEST COUNCIL



OPPORTUNITIES IN RAIL SECTOR IN CEE

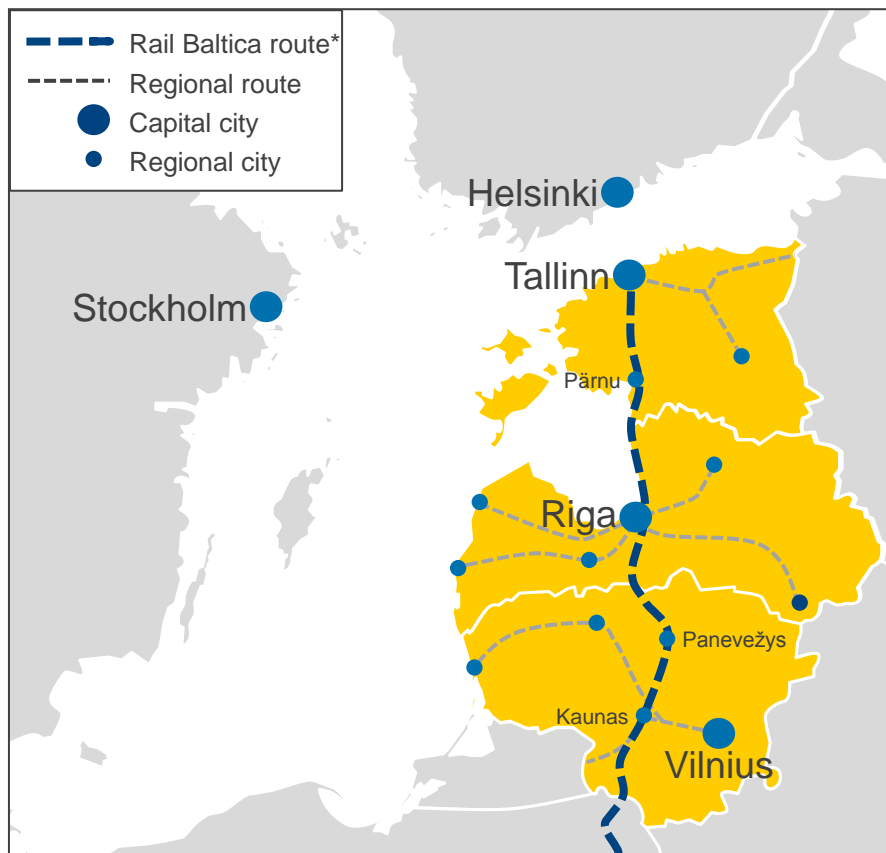
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2016-11-29

WE SEE THREE HIGHEST POTENTIAL OPPORTUNITIES IN THE CEE FOR SWEDISH COMPANIES

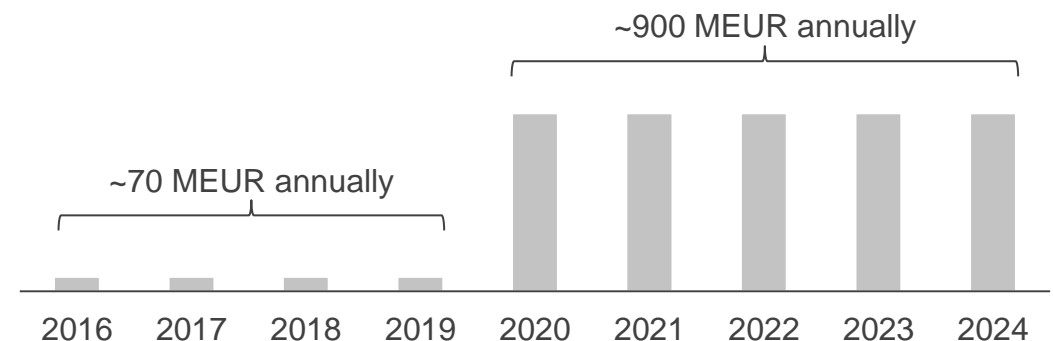
- ▶ There are a lot of investments planned into the railway sector in the Central and Eastern Europe in the coming five years.
- ▶ The majority of it is fuelled by the EU funding available for this type of investments.
- ▶ However the magnitude of those investment is very dependant on the governments' priorities as they do have a strong say on where to allocate the EU funding.
- ▶ We believe that for the Swedish companies there is a high potential in the following three opportunities:
 - ▶ Rail Baltica in the Baltic states – a clearly defined project in the countries where Sweden is the largest investor and very well perceived.
 - ▶ Poland railway modernisation program – largest of its kind in CEE and very close to Sweden.
 - ▶ Turkey railway investment plan – although outside the EU, its share size makes it an attractive opportunity.

OVER 700 KM FAST SPEED RAIL LINE WILL BE CONSTRUCTED IN THE BALTIC STATES BY 2025



	Estonia	Latvia	Lithuania
Capital city	Tallinn	Riga	Vilnius
GDP, current, M EUR	18,6	23,4	34,6
Population, million	1,3	2,0	3,0
Railroad monopoly company	AS Eesti Raudtee	VAS Latvijas dzelzceļš	AB Lietuvos geležinkeliai
Rail network, km	1 196	1 859	1 768
Cargo load, annual, million tkm	43 682	55 831	48 028
Passengers, annual, million passenger km	223	721	278
Rail Baltica network, km	229	235	264

ESTIMATED INVESTMENT SPLIT BY YEAR



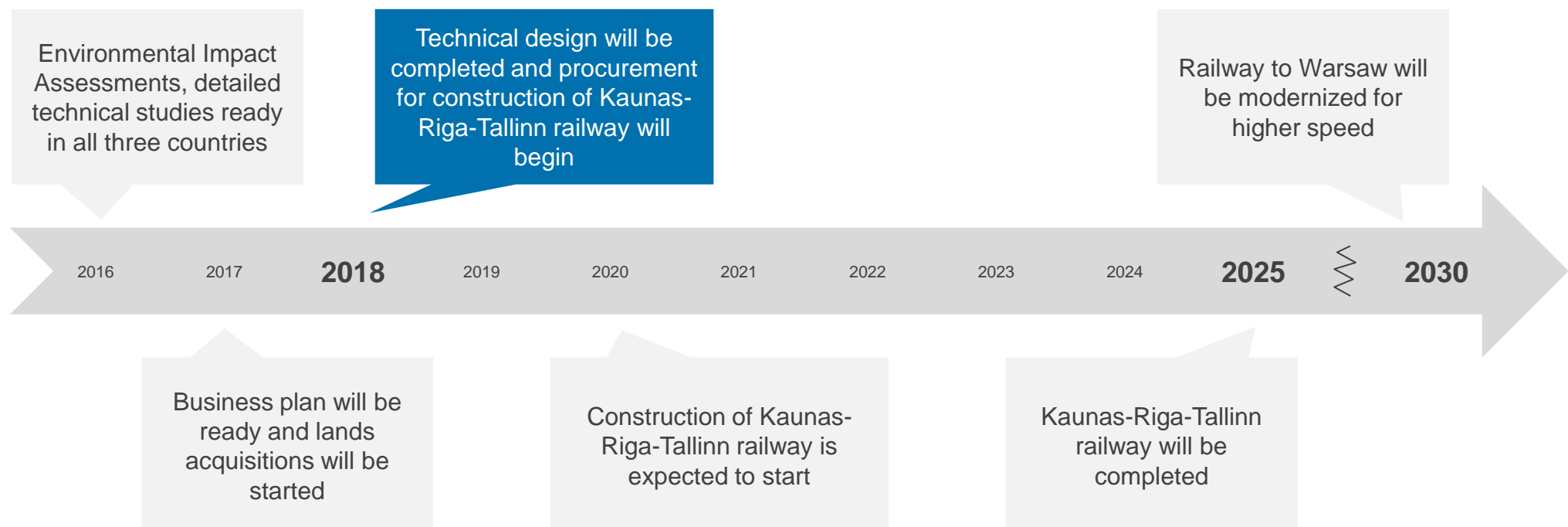
SOURCE: EUROSTAT, RAIL BALTICA FEASIBILITY STUDY 2011 BY AECOM LTD.

* RAIL BALTICA ROUTE SUGGESTED IN FEASIBILITY STUDY IN 2011 BY AECOM LTD.

RAIL BALTICA - THE WAY FORWARD

- ▶ Rail Baltica is still at an early planning and design stage – holding companies have just been established, final railway route is not decided upon, further planning and design stage works are expected to be procured in 2017.
- ▶ A broad level political agreement has been reached, and the project implementation is planned to continue with these indicative milestones.

INDICATIVE TIMELINE OF RAIL BALTICA DEVELOPMENT MILESTONES



SOURCE: INTERVIEWS, MEDIA MONITORING

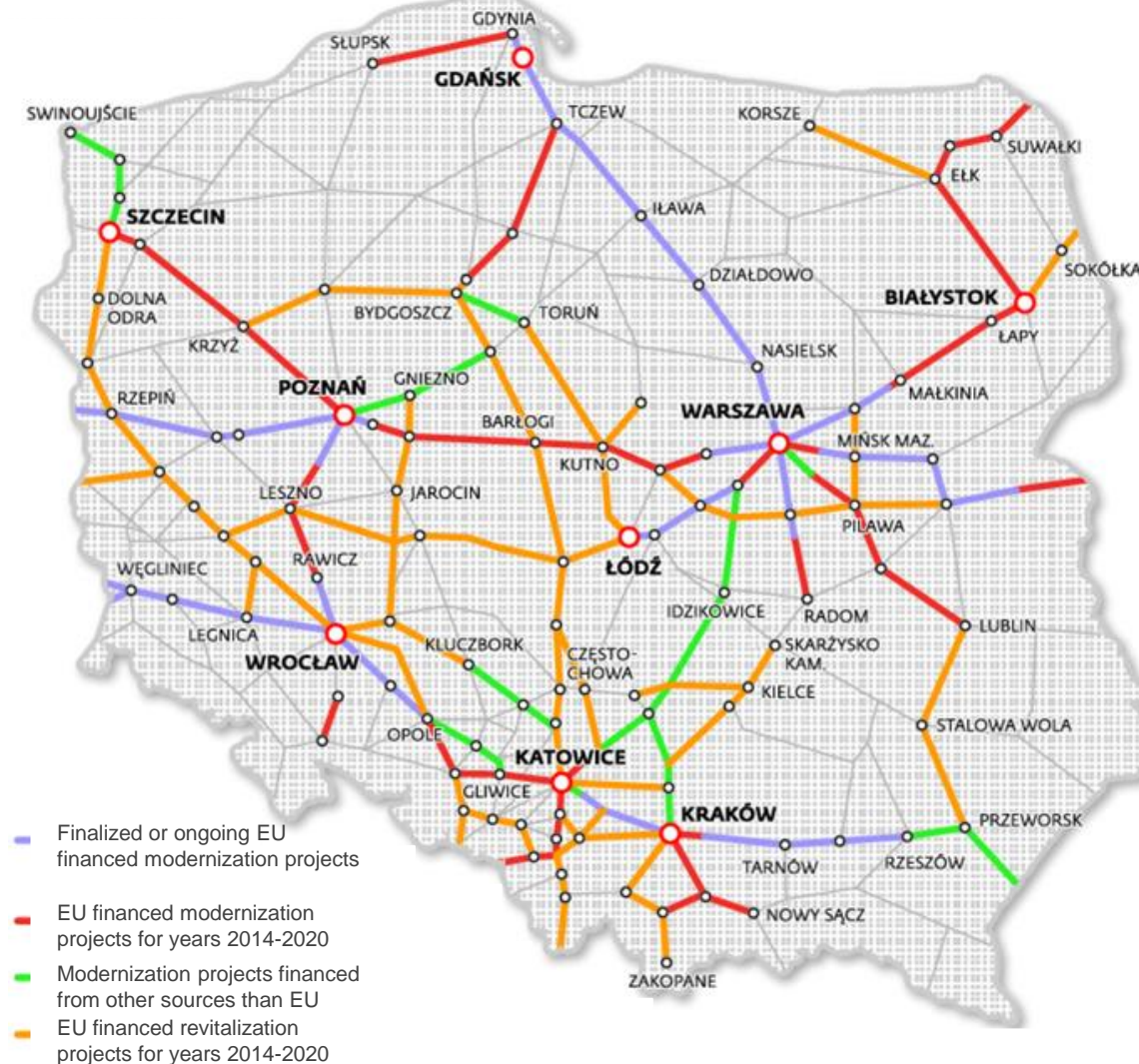
THE TIMELINE IS INDICATIVE AND EVENTUAL DELAYS ARE POSSIBLE

POLAND OFFERS HUGE OPPORTUNITIES NEARBY 1 (2)

- ▶ Approved by the government in 2015, **National Railway Program 2023 is the largest rail infrastructure modernization program in Poland's history** and one of the largest investment programs in Poland in the upcoming years
- ▶ National Railway Program is a strategic governmental initiative with the purpose to create a coherent, effective and modern railway network in Poland
- ▶ **Around 145 bln SEK will be available mainly for expansion and modernization of the railway infrastructure until 2023.** In the context of these investments, financial resources will be targeted to the railway network, train stations and traffic management
- ▶ In connection with the announcement of the modernization program, Poland's state railway company PKP Polskie Linie Kolejowe has expressed interest to establish more contacts with foreign companies
- ▶ Procurement procedures have also been changed so that price is not the sole factor influencing the choice of the bidder



MAP OF POLISH RAILWAY MODERNIZATION PROGRAM 2014-2020



SOURCE: PKP PLK

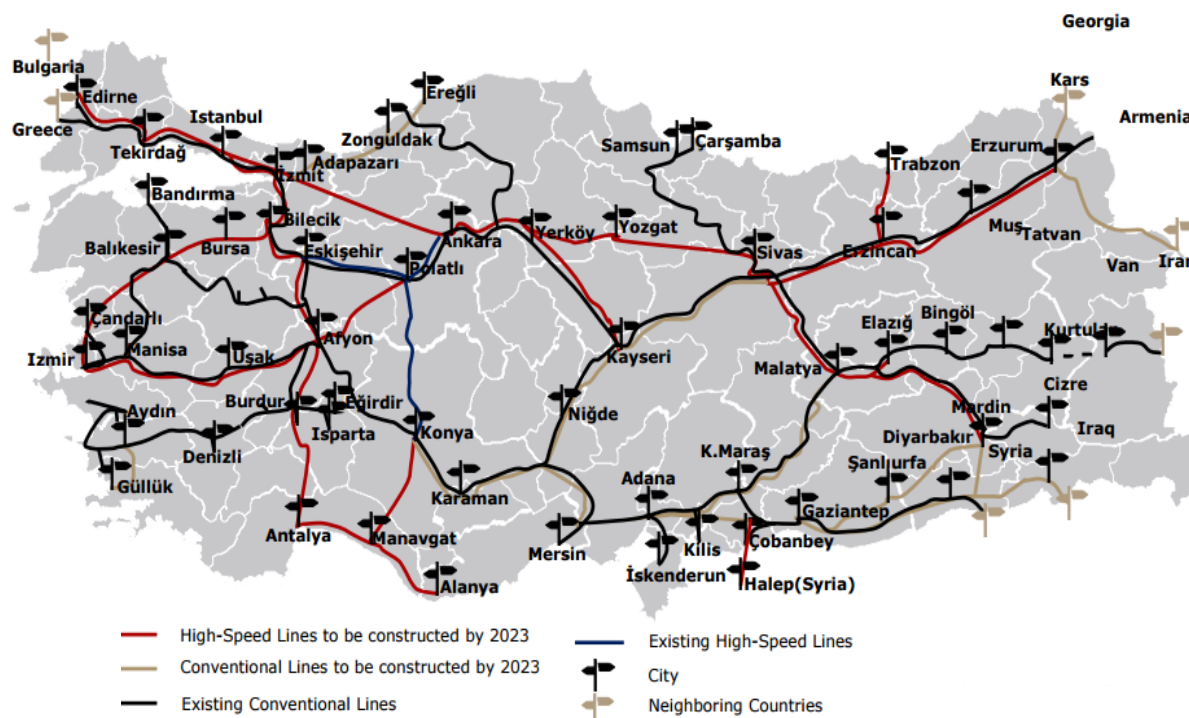
POLAND OFFERS HUGE OPPORTUNITIES NEARBY 2(2)

- ▶ In addition, about 40 bln SEK will be available during next 4 years for the purchase and modernization of rail vehicles.
- ▶ One of many examples is the train operator Przewozy Regionalne, which plans to buy 55 new trains and modernize over 160 already in use by the year 2018. Further purchases and modernizations are planned to be made until 2021.
- ▶ Significant part of investments will be financed by EU structural funds. Poland is the largest beneficiary of EU funds and they are largely directed towards transport investments (Rail, road, sustainable transport)
- ▶ Since the National Railway Program has been commissioned by the previous government, it is possible that some adjustments may occur, but program itself is secured
- ▶ Tenders for investments are ongoing and will be continuously published during upcoming years



TURKISH RAILWAY NETWORK IS EXPECTED TO DOUBLE AND REACH 25.000KM BY 2023

RAILWAY INFRASTRUCTURE IN TURKEY



- ▶ As of 2015, the total length of railway lines in Turkey is 12.466 km
- ▶ There are 1.196km high-speed train lines
- ▶ An additional 13.000km of lines is to be constructed by 2023:
 - ▶ 3.500km high speed line
 - ▶ 8.500km speed line
 - ▶ 1.000km conventional line
- ▶ High speed lines currently under construction:
 - ▶ Ankara-Sivas (405km), Ankara-İzmir (624km), Bursa-Bilecik (105km), Konya-Karaman (102km)

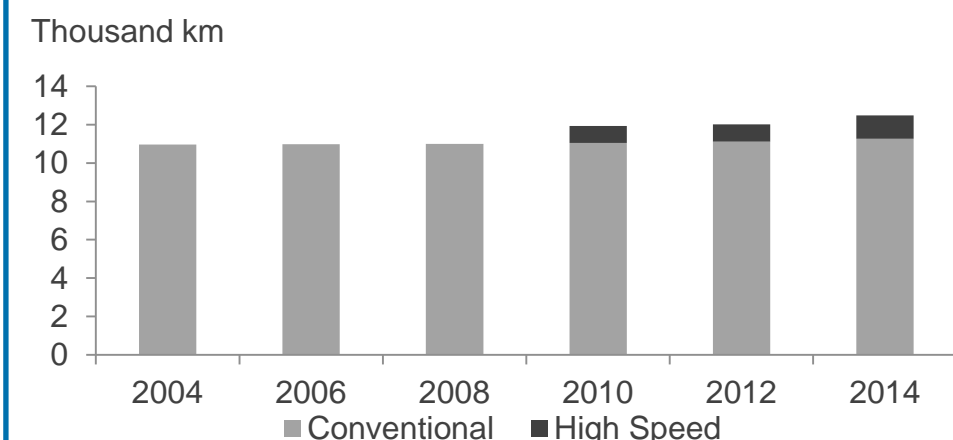
SOURCE: MINISTRY OF TRANSPORT, MARITIME AFFAIRS AND COMMUNICATIONS

TURKEY HAS AMBITIOUS RAILWAY NETWORK DEVELOPMENT PLANS AMOUNTING USD 47BILLION

GENERAL INFORMATION

- ▶ Turkish State Railways (TCDD) is currently the main player in the railway sector as it owns and operates all public railways in Turkey
- ▶ The preferred method of infrastructure development is through public-private partnership. Hence, along with TCDD several private companies (Tepe İnşaat, Kolin İnşaat, CNR China) are important stakeholders in the railway sector

Railway Network Length in Turkey



SOURCE: MINISTRY OF TRANSPORT, MARITIME AFFAIRS AND COMMUNICATIONS, INVEST TURKEY

INVESTMENT PLANS

- ▶ Turkish railway industry is going through a liberalisation period:
 - ▶ TCDD's infrastructure ownership and operations responsibilities are being separated
 - ▶ Private operators are expected to enter to the market
- ▶ A large scale railway expansion & modernization program with a total budget of 47 billion USD between years 2011-2023 is currently underway

Main Investments (2011-2023)

- ▶ High speed lines construction – 32 billion USD
- ▶ Conventional lines construction – 4.4 billion USD
- ▶ Electrification, signalisation and telecommunication projects – 2.6 billion USD
- ▶ New rolling stock procurement and modernization projects – 4.3 billion USD
- ▶ Track renovations – 1.7 billion USD

WE HELP SWEDISH COMPANIES TO REACH THEIR FULL INTERNATIONAL POTENTIAL

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