

OHE aktuell

Osthannoversche Eisenbahnen AG

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Arriva-Panther and K+S Bull logos on an OHE engine. Visible expression of a good partnership: K+S management with Arriva and OHE management.

K+S extends contract with OHE

2.5 million tonnes cargo transported since 2000

Panthers and bulls do not normally get on very well. They are mortal enemies. All the more amazing then that both in the form of logos have been touring peaceably together through Germany for some time: on the Eurorunner – one of the new Siemens diesel-electric engines which OHE acquired last year. The reason for the marriage of the two logos on the engine is easily explained: the Kassel-based K+S Group and OHE Osthannoversche Eisenbahnen AG have now concluded a follow-up contract for the transport of around one million tonnes of cargo. The Panther is the name of the engine, whilst the bull is part of the K+S logo. K+S is the world's fourth largest producer of potash products. Closing such a contract was worthy of a celebration, and a good reason for making the partnership public on the engine at a ceremony held at the Sigmundshall potash works near Wunstorf, at the edge of the Steinhuder Meer.

Ten per cent cargo from K+S

The cargo is transported along an almost ten kilometre long railway line from Mesmerode to Wunstorf which OHE acquired from Steinhuder Meer-Bahn. Since the start of the first contract in 2000, OHE has already transported 2.5 million tonnes for K+S. The significance of this volume was highlighted by OHE Management

Board Chairman Dr. Jens Jahnke at the contract signing ceremony: "This corresponds to a volume of 400,000 tonnes per year, which accounts for ten per cent of OHE's total cargo volume and three per cent of its annual performance."

The new contract runs for a period of three years, with further option to extend. It is also indispensable for the future of Sigmundshall and its around 850 employees. The raw potash salt reserves in the mine have a lifetime good for production until 2020 according to K+S works manager Burkhard Schulze. K+S produces up to three million tonnes of raw salt from Sigmundshall every year. A large range of potash and magnesium fertilisers for agriculture and export are also produced at the site, alongside industrial salt.

Another significant aspect is that OHE has expanded the transport volume from the original 60,000 tonnes per year to today's 400,000 tonnes. "The contract demonstrates that OHE is able to successfully operate on public as well as private infrastructure," outlined OHE Director Michael Stahlhut. "It is therefore also a good visiting card for other contracts!" And then perhaps one of the other three OHE engines sporting the Panther logo will be joined by a partner which is an even better match in the opinion of zoologists.

Editorial



Dear Readers,

for a long time now, we have heard that the distribution sector is one of the most important growth industries in Germany. But it sometimes takes a while for the forecasts to filter through to those involved. I am delighted to say that this trend has now also successfully arrived in our own operations. In the 2007 financial year, OHE was able to present its new owners Arriva and Bachstein with an outstanding performance: with a transport capacity of 3.8 million tonnes cargo, the earnings are almost a third higher than 2006. And there are clear signs that this trend is continuing.

The German Transport Minister, Wolfgang Tiefensee, presented his Cargo Transport Master Plan a few days ago. This postulates for the first time the shifting of transport from road to rail, with a reference amongst other things to climate protection. This is an argument which OHE has put forward for a long time: every tonne taken off the road is not only a profitable move for us, but also for the environment. Berlin must now not only talk the talk, but walk the walk – in other words make the money available. We are already well prepared.

Yours faithfully,
Dr. Jens Jahnke
Management Board Chairman

FACTS & FIGURES K+S KALI GMBH

Global potash production 2007: approx. 57.8 (2006: 50.9) million tonnes; **K+S Kali GmbH share in 2007:** approx. 8.1 (2006: 6.7) million tonnes = 13 % share of world potash production putting it in 4th place world-wide; **production capacity:** 11 million tonnes potash and magnesium products; **production volume:** 38.9 million tonnes; main sales market: Western Europe accounting for 56.8 % of sales; **Sigmundshall mine:** 1 of 7 production sites in Germany; **employees:** approx. 850

OHE
SCHIENE. STRASSE. WASSER

metronom: attractive trade investment for OHE

Interview with Dr. Carsten Hein, Managing Director *metronom* Eisenbahngesellschaft mbH



metronom Managing Director Dr. Carsten Hein (right) and Henning Weize

The last lead story in OHE aktuell covered the opening of metronom's new route from Hamburg to Cuxhaven. Some readers asked what the link was between OHE and metronom. In your opinion, is the relationship to OHE more than "just" a financial investment?

OHE is not only the largest parent company of *metronom* in terms of its shareholding via *Niedersachsen Bahn*, it also founded the bidding consortium with EVB Elbe-Weser GmbH, for the first transport service between Uelzen, Hamburg and Bremen. OHE was a particularly strong partner right from the beginning, which made a significant contribution to new rail passenger transport business from the start of operations in December 2003. And because we made use of the services of our partners, available capacities are not only used prudently and have been expanded, we also harness the synergies which arise. The "operations management" and "maintenance" services in particular, both of which are professionally carried out by OHE, are crucial aspects of the business operation.

How satisfied are you with the quality of OHE's services involving operations management and maintenance? What advantages are there in having OHE carry out this work? Are there any possible alternatives?

We are very satisfied with both of the service aspects. Operations management works around the clock monitoring the operational activities, documenting any deviations from the plans, and organising corrective measures such as train routing changes, roster modifications, and replacement rail transport services. It is also the contact point when irregularities arise, and informs the workshop about urgent repairs. The employees in the Operations Management de-

partment have evolved into a powerful and experienced team that makes a significant contribution to the high quality of our product. And because a very good level of service is provided, there is naturally no need for us to look for alternatives.

OHE has one of the most modern railway workshops in Germany at its workshop site in Uelzen, which it has been running since 2003. It was set up with the financial assistance of the State of *Niedersachsen* and is tailored to the operations programme of the bidding consortium. It is an important base for rail passenger transport in North Germany. On behalf of the *Landesnahverkehrsgesellschaft Niedersachsen mbH* (LNVG) (State Local Transport Association *Niedersachsen*) it maintains the rolling stock of the electric *metronom* fleet – this work is carried out by the rolling stock manufacturer *Bombardier*, which in turn makes use locally of the expertise of the OHE workshop employees. OHE undertakes the preventative and corrective maintenance work – in other words, on behalf of *Bombardier* – and it works directly on behalf of *metronom* to repair damage, including the damage caused by vandalism. Because of the ideal constellation in Uelzen, with OHE as the operator of the Uelzen Hafenbahn (Port Railway), there are no serious alternatives to OHE.

In addition to workshop maintenance work, OHE also carries out the rolling stock inspection and shunting work on behalf of *metronom*. This is done by shunting staff to our complete satisfaction. They inspect around eight block trains every day, as well as driving them to the external and internal cleaning

areas and making them ready for operation.

OHE holds the majority shareholding in metronom through Niedersachsenbahn GmbH, in which EVB, Eisenbahnen und Verkehrsbetriebe Elbe-Weser holds the minority stake. The other shares in metronom are held by BENEX and Bremer Straßenbahn. Is this capital structure also used for strategic partnerships?

The relationship between the four transport companies within *metronom* was designed as a strategic partnership right from the start. In this way, *metronom* was able to build on the initial success of the Uelzen-Hamburg-Bremen line, to win three European-wide tenders in North Germany: it has operated the Uelzen-Hannover-Göttingen line on behalf of LNVG and the Hannover Region since 2005; and the two networks at Hamburg-Cuxhaven and Tostedt-Hamburg-Lüneburg since 2007.

Other OHE subsidiaries, such as KVG in Stade and Lüneburg, could also be used for strategic partnerships. Is use made of this option?

We also make use of the competence of OHE subsidiaries in a wide range of partnerships. Employees of Uelzen Haven- und Umschlagsgesellschaft (UHU), for instance, assist in the external cleaning and provision of consumables for our fleet of trains in the Uelzen rail depot. We also have arrangements with bus companies such as *Celler CeBus* to transport rail passengers by bus if there are any urgent problems with the railway lines – and a similar arrangement is currently being organised with KVG in Stade. We also co-operate with the bus companies KVG and VOG in Lüneburg and Winsen to optimise passenger handling and to ensure that the bus timetables are always harmonised as far as possible with the *metronom* train timetables. In addition, we work together with the companies on marketing aspects such as carrying out combined PR activities at regional events.

At the beginning of 2007, the British transport group ARRIVA – the number two in Europe – acquired a majority shareholding in OHE. What in your opinion are the advantages of this for metronom, and thus for the OHE Group, and what are your goals for the future?

We hope that ARRIVA will strengthen our market position, including in tenders involving major investments, to enable us as *metronom* to strengthen our standing in the transport sector in the future. You can expect *metronom* to be significantly involved in tenders to be announced in the near future.



Hinterland connections to seaports

Safeguarding the growth of rail transport

Topical and environmentally-friendly solutions and concepts by OHE Director Michael Stahlhut



Container transport will continue to grow dramatically. The only question is whether we in Germany have or will be able to establish the infrastructure required to cope with this flood of containers, and

transport them optimally. A study recently presented by the Hypovereinsbank forecasts a doubling in container transshipment to 77 million TEU (standard containers) by 2015 in the North Range seaports alone (Rotterdam, Hamburg, Antwerp and Bremerhaven). Around 386 million containers are in circulation world-wide.

JadeWeserPort will feed additional cargo into the German network from 2011. Around 70 per cent of part-load traffic is already transported in containers, which means that we can expect a general increase here as well. This means that the 18 million TEU forecast for Hamburg in 2018 will already be looking for transport options even earlier. Other studies, which go into more detail in part, reach similar conclusions.

means providing the market with additional routes. The urgency is already palpable: the nationalised rail network is already considered to be overstretched and operating at the limits of its capacity. The capacities therefore need to be doubled by 2015 because the current figure of 50,000 trains running every year into and out of the rail hub at the port of Hamburg, is set to increase to 100,000 by 2015.

All infrastructure operators therefore have to co-operate and collaborate to achieve an adequate enlargement of the capacity for the seaports quickly and at a reasonable cost. How? Our existing rail network must be upgraded and then used more intensely: we have developed the relevant project in this context called the "Soltau-STAR", where STAR stands for "Strategic Expansion of Regional Networks".

Using the existing network

There is unanimous agreement that the capacities in the hinterland require massive expansion. Around 75 % of Hamburg's hinterland traffic runs along the "south-southeast" route. The situation for Bremen and Bremerhaven is similar. Our network is therefore in just the right place to be given more intense consideration. However, this first requires further investment – depending on its current condition. This upgrading could be carried out quickly because the plans for these routes have already received official approval.

Clarification is still required, however, of the financing of these investments. In general, the private railway companies do not have access to the financing that can be called on to upgrade nationalised railway lines. This means the loss of valuable time for the urgently required hinterland traffic – all the more pressing because

unlike passenger transport, this sector is experiencing "real growth". The outcome is predictable: if the seaports do not have rapid access to additional rail capacities, the traffic will either shift to another country or move further on to the roads.

An unnecessary situation given that such a simple solution is at hand, which also benefits from being extremely cost-effective. OHE provides its regional infrastructure to make available a unique potential: around 150 new lines could be developed on the north-south route alone. This would make a major contribution to underwriting the competitiveness of the seaports, safeguarding their growth, and supporting the creation of new jobs.

Such a measure also brings considerable environmental advantages. The focus of the expansion measures generally means that no additional land is required in principle for the transport infrastructure. This is not the case for projects involving the creation of new infrastructure: they would require the construction of expensive new lines with bridges and tunnels. The expansion of existing tracks largely avoids any major impact on the countryside as a consequence of extensive construction work.

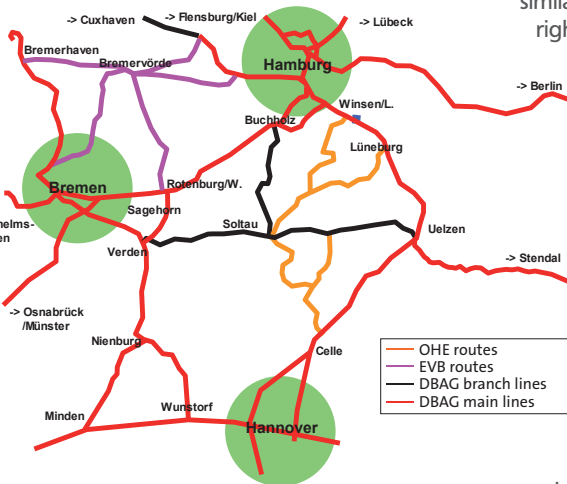
Shifting transport from "road" to the much more energy efficient "rail" results in major reductions in CO₂ emissions: reducing the amount of traffic on motorways, including HGV traffic in Niedersachsen, not only improves the flow of traffic, it also increases road safety for passenger vehicles. The OHE network should be upgraded for cargo traffic. This means that the trains run at a maximum speed of 80 km/h and therefore generate only minimal noise emissions. Appropriate remuneration incentives for infrastructure utilisation would reward railway companies for using modern and therefore particularly quiet rolling stock.

OHE: Reaching the right decisions quickly

From OHE's point of view, the main priority today is to reach the necessary decisions quickly to strengthen the seaports of Bremen and Hamburg and benefit from a hinterland boasting efficient means of transport and infrastructure.

Additional track capacities have to be made available rapidly and comprehensively before 2015, particularly along the north-south route. This will enable transport to be organised in an environmentally-friendly manner, and will create new jobs in the Hamburg metropolitan region, as well as in Niedersachsen. OHE is working with enormous commitment and care on all of these issues. And we naturally welcome all constructive contributions to the already discussed issues involving "transport", "infrastructure", "financing" and "environment", to enable us to also work alongside others to harness the opportunities highlighted here.

It already appears as if some of these ideas – even though there was no direct contact – have been incorporated within the Cargo Transport Master Plan issued by the German Transport Ministry (see News!). To highlight the most important aspect again from our point of view: before we get involved further with excessively expensive signature projects, we first need to utilise the available systems.



OHE can deliver the Soltau-STAR instead of the Y-route

OHE also sees major opportunities in the growing hinterland transport for seaports. As a transport company, we want to benefit from this enormous market potential. Today, around 40 million tonnes of cargo, of which 1.8 million TEU, i.e. containers, are already transported by rail to and from Hamburg. This is a market share of around 18 per cent. If this share remains unchanged, this means a rise of around 80 per cent to around 3.2 million TEU for Hamburg in 2015!

As an infrastructure company, we also want to play our part in actively removing rail bottlenecks in the port hinterlands. In practice, this

Portrait

The future looks bright for intermodal means of transport

OHE port operations involved with important distribution modules

Lüneburg, Uelzen and Wittingen are three cities in Niedersachsen that can all boast histories going back at least one thousand years. They also have another thing in common: all three have ports – although only since 1976. That was when the 115-kilometre-long Elbe branch canal (ESK – Elbe-Seitenkanal) was opened up for shipping after an eight-year construction period. It linked up the seaport of Hamburg with the hinterland. The aim of this project initiated over 30 years ago was to create a reliable connection to the Mittellandkanal – not least because of the fluctuating water levels in the river Elbe – and thus also to the port of Magdeburg which was then still part of the GDR.

The ESK – which originally also had a military function as an “eastern wall” standing in the way of Russian tanks – turned the three historic cities mentioned above into port cities. This raised the question at the time of who would operate the ports. This was the opportunity for Osthannoversche Eisenbahnen AG based in Wittingen, and primarily involved in cargo transport (and largely owned by the state of Niedersachsen), to move into the then already cost-efficient and environmentally-friendly shipping sector. The two other port transshipment operations later joined the ESK transshipment activities of the OHE Group.

The three OHE subsidiaries: UNIKAI Hafencbetrieb Lüneburg GmbH, UHU Uelzener Hafencbetriebs- und Umschlags-GmbH, and OHU Osthannoversche Umschlags-GmbH, responsible for the port of Wittingen, have been operating successfully since then. All three ports have developed important distribution and haulage functions for their



respective hinterlands. They are all capable of combining transport by road, water and rail – which is particularly important for bulk goods such as construction materials, fertilisers and cereals. This guarantees intermodal capacity utilisation of each of the means of transport, also against the background of a future shift in cargo transport from road to rail and water. They can also undertake central tasks for the regional economies in this context. Last year, the three ports transhipped an impressive 750,000 tonnes of cargo – whereby Wittingen with a current share of almost 50 per cent of the total, and a year-on-year growth of 33 per cent, generated a record performance.

There is absolutely no doubt about the growing significance of the ports for cargo transport in general, and naturally also for OHE in particular. To be properly armed for the future, and to profit from such developments, the company has itself acquired additional transshipment sites, in Wittingen for instance. “The justification for the ports within our strategy,” says Matthias Hertzen, OHE manager responsible for the ports, “is that firstly, we can generally develop local transport sources, as well as

bundling the cargo streams from the region by the various means of transport in our ports – giving us a collection and distribution function. Secondly, their connection to the seaports of Hamburg and Bremen – to handle the hinterland traffic – is also a hot topic for us at the moment and one which is becoming increasingly important.”

This analysis is favoured by the “Cargo Transport Master Plan” recently presented by the German Transport Minister Wolfgang Tiefensee. Against the background of climate protection and other important issues, this promotes a shift of transport from road to rail and water. The long overdue restructuring is to be made attractive by financial support for railway companies in the form of tax relief from electricity and energy taxes. This announcement in particular was also applauded by the VDV, the Verband Deutscher Verkehrsunternehmen e.V. (Association of German Transport Companies) (see announcement below). This is because around three quarters of total cargo traffic in Germany still grinds along the roads, and the previous trend has been for this to increase further. The intention, however, to put the brakes on this trend, will naturally also benefit OHE because of its existing port facilities.

	Lüneburg 2007	Uelzen 2007	Wittingen 2007
Ship transshipment	150,202t	171,333t	193,314t
Land transshipment	3,055t	54,833t	172,150t
Total transshipment	153,257t	226,166t	365,464t

News

VDV welcomes the Cargo Transport Master Plan

The Association of German Transport Companies (VDV) welcomes the Cargo Transport Master Plan recently presented by German Transport Minister Wolfgang Tiefensee. “The Cargo Transport Master Plan is a great success!” says VDV president Günter Elste. VDV praised the clear backing of the master plan for rail cargo transport, which is considered of major importance with a view to climate protection. “For the first time, the German government is unequivocally promoting a shift in cargo transport from road to rail. This is a major step forward,” says Elste. Particularly praiseworthy in this context is the announced tax relief for railway companies from electricity and energy taxes. The OHE is also hoping to benefit from this master plan.

InnoTrans 2008 heading for the record books

The international trade fair for rail transport technology (InnoTrans 2008) is already bursting at the seams four months before it is scheduled to open. Over 1500 exhibitors from all around the world have already registered. The amount of space booked in the exhibition halls and the outdoor exhibition area is much higher than the figures for 2006. InnoTrans now fills the whole of the Berlin Exhibition Grounds for the first time. The modern track directly connected to the exhibition halls will be lengthened by 1500 metres by the time the trade fair opens on 23 September. Transport companies are also increasingly using InnoTrans as a platform for marketing and communication. The parent company of OHE AG, Arriva Deutschland GmbH, will also be showcasing its products and services at this show.

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