

Dear Business Partners, Dear Customers,

We would like to inform you about the expected development of costs in intermodal transport for the year 2024 and at the same time provide you with initial information about the business conditions for our European railway system in 2023, with a forecast for the year 2024.

Events in the railway sector in 2022 were significantly influenced by geopolitical aspects as well as complicated economic and infrastructural framework conditions. Although some stabilization occurred in 2023, the external conditions are still not sufficiently stable and predictable as they were a few years ago. Bridging the differences between the actual transport costs and the expectations of users of transport services appears to be a very difficult task.

We would like to outline the situation and the expected development of several fundamental factors that have proven to be decisive in terms of formation and evolution of the price level of intermodal transport in recent years.

1. Energy price

After the energy crisis in spring 2022, the price of traction energy became the main variable in intermodal transport calculations. Constantly rising energy prices forced us to introduce a previously unused surcharge system to the basic rates, such as the TES - Traction Energy Surcharge, which equalizes the current prices of traction energy with the amount calculated in your prices.

For 2023, we started from the assumption that the price of traction energy will be EUR 200/MWh. This assumption fully corresponds to reality for most METRANS connections. Only a few countries in the southern corridor are the exception, where the current prices for traction energy are around EUR 300/MWh.

For the rest of 2023 and 2024, we do not expect a fundamental change in traction energy prices.

However, as is often the case when communicating with state authorities, the situation is not yet fully clarified and the final amount is often only found out when paying the invoice.

2. Price for the use of railway infrastructure

The amount of surcharges for the use of rail infrastructure for the year 2024 are one of the key cost items that we already know will have a negative effect on price calculations.

Despite the fact that the general quality of the railway network is not increasing whatsoever, railway infrastructure managers are already announcing (DB Netz – report [here](#), ProRail – Dutch infrastructure manager report [here](#)) an increase in the prices for its use.

We are carefully monitoring the whole issue so that we can properly evaluate the specific impacts of these steps on the final prices for 2024.

3. Other factors

A "novelty" has been introduced with effect from November 2023 by DB Netz, according to which (despite the open letter from the main entities of the German railway market [here](#)) there will be an **obligation to pay for late cancellation** (30 days in advance) of already ordered routes.

The amount of the cancellation fee is not negligible and can reach up to 15% of the price of the fee for the use of the railway infrastructure.

Fuel prices, which remained at a stable level for most of 2023 in all countries, have taken on an upward trend again, and in some countries, we will most likely have to resort to the reintroduction of the Fuel Surcharge already in the last quarter of 2023.

Unfortunately, the **price of rail services at individual ports** and port terminals is a factor that we can influence to a very limited extent. Despite diligent discussions with port partners in trying to explain that price increases are not the cure for the current state of the intermodal shipping market, we cannot yet clearly predict the final impact on prices by 2024.

As you can see, the economic, political and market situation is still not clear enough to be able to provide a more accurate estimate of the price level for the following year. However, we can assure you that we are working intensively to meet your and your partners' requirements as much as possible.

We will provide you with more information about the price level for 2024 in the already traditional announcement in mid-October.

Thank you for your attention and understanding.

Sincerely Yours,

A handwritten signature in blue ink, appearing to read "Peter KISS", with a stylized flourish extending to the right.

Peter KISS
on behalf of the METRANS Team