

# Financial statement





# FINANCIAL STATEMENT

## Consolidated income statement

Amounts in 1 000 CHF	2019	2018
Net income from supplies and services	611 148	579 723
Other income	73 768	73 675
Cost of the services	-561 331	-531 166
Gross profit	123 585	122 232
Payroll expenses	-45 645	-43 150
Other operating expenses	-16 036	-15 423
Depreciations and value adjustments	-53 100	-52 015
Operating result before financial positions	8 804	11 644
Financial income	372	273
Dividend income	562	0
Financial expenses	-2 874	-2 176
Result from associates	174	663
Foreign exchange differences	-1 026	-201
Ordinary operating result	6 012	10 203
Non-operating income	448	125
Non-operating expenses	-3	-994
Extraordinary income	1 954	730
Gain from disposal of fixed assets	452	265
Gain from investments	338	1 905
Extraordinary expenses	-983	-136
Loss from disposal of fixed assets	-28	-177
Annual result before taxes	8 190	11 921
Direct taxes	-3 080	-3 916
Annual result	5 110	8 005
Minority interest	16	-119
Annual result of the Group	5 126	7 886

## Consolidated balance sheet

Amounts in 1 000 CHF	31.12.2019	31.12.2018
<b>ASSETS</b>		
Cash and cash equivalents	63 671	62 117
Receivables from supplies and services	78 666	72 886
- third parties	65 797	61 341
- shareholders	12 869	11 545
Other short-term receivables	9 244	21 112
- third parties	9 244	21 112
Stocks and services non invoiced	11 353	12 430
- stocks	3 092	3 315
- services not invoiced	8 261	9 115
Accrued income	30 439	30 215
Total current assets	193 373	198 760
Financial fixed assets	596	68
- Long-term receivables from third parties	589	57
- Other financial fixed assets	7	11
Investments	42 748	44 205
Tangible fixed assets	277 547	238 945
- Assets under construction	15 490	13 325
- Technical equipment	12 326	13 480
- Rolling stock	111 107	106 179
- Plants on third parties' lands	6 529	8 543
- Terminals, buildings and land	124 049	91 290
- Other tangible fixed assets	8 046	6 128
Intangible fixed assets	25 663	18 660
Deferred tax assets	4 574	1 016
Total fixed assets	351 128	302 894
Total assets	544 501	501 654

Amounts in 1 000 CHF	31.12.2019	31.12.2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Account payables from supplies and services	56 218	58 236
- third parties	56 030	58 161
- shareholders	188	75
Onerous short-term debts	7 991	7 083
- third parties	7 991	7 083
Other short-term debts	6 207	7 433
- third parties	6 207	7 433
Accrued expenses	39 614	55 728
Short-term provisions	202	387
Total short-term liabilities	110 232	128 867
Onerous long-term debts	135 159	87 335
- third parties	135 159	87 335
Other long-term debts	48 806	51 096
- third parties	48 806	51 096
Long-term provisions	125 516	120 640
Deferred tax liabilities	5 449	2 032
Total long-term liabilities	314 930	261 103
Total liabilities	425 162	389 970
Minority interests	8 816	558
Share capital	20 000	20 000
Statutory capital reserves	18 701	16 238
Statutory retained earnings	54 222	54 043
Voluntary retained earnings	37 920	38 075
Translation difference	-19 120	-15 405
Treasury shares	-1 200	-1 825
Total shareholders' equity	110 523	111 126
Total liabilities and shareholders' equity	544 501	501 654

Consolidated cash-flow statement

Amounts in 1 000 CHF	2019	2018
Annual result of the Group	5 126	7 886
Depreciation of tangible assets	38 565	35 162
Depreciation of intangible assets	6 050	3 958
Change in value of investments	-60	588
Variation of provisions	4 607	22 694
Other non monetary items	-7	206
Net result from sale of tangible assets	-424	-88
Net result from sale of investments	-338	-1 905
Income from associated companies	-174	-663
Minority interests	129	-386
Variation of inventories	161	58
Variation of short-term receivables	6 686	-19 710
Variation of short-term liabilities	-28 251	12 159
Cash flows from operating activities	32 070	59 959
Purchase of tangible assets	-45 029	-71 326
Proceeds from sale of tangible assets	506	1 232
Purchase of intangible assets	-13 013	-9 751
Proceeds from sale of intangible assets	18	0
Purchase of investments	-14 349	-7 238
Proceeds from sale of investments	338	7 295
Cash flows from investing activities	-71 529	-79 788
Variation of financial receivables	-1 262	144
Variation of financial loans	44 136	29 451
Treasury shares	625	243
Dividends payment	-1 564	-1 560
Cash flows from financing activities	41 935	28 278
Variation	2 476	8 449
Cash at beginning of the year	62 117	54 550
Foreign exchange differences on cash	-922	-882
Cash at end of the year	63 671	62 117

Principles applied in these financial statements

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 – 963b Swiss Code of Obligations (CO) (effective 1 January 2013).

Accounting policies

Consolidation principles

The consolidated financial statements of Hupac Ltd have been prepared using the purchase price method, in line with the following principles and in accordance with the provisions of Swiss company law.

The consolidated financial statements of Hupac Ltd are based on the individual annual accounts of the Group's foreign subsidiaries, which have been prepared in accordance with uniform, generally accepted accounting and valuation principles, as well as on the statutory financial statements of the Swiss subsidiaries. The consolidated financial statements as at 31 December 2019 also include an additional general risk provision of CHF 8.2 million.

Consolidated companies

The consolidated financial statements include the annual results of Hupac Ltd and its Swiss and foreign subsidiary companies in which the parent company has a direct or indirect shareholding of more than and with 50% or a relative majority, has the voting majority and exercises a predominant influence on the conduct of the company.

Associated companies in which the parent company has more than 20% and up to 50% of the voting rights are consolidated using the equity method. Interests of minor significance are not included in the consolidation.

Method of consolidation

Assets and liabilities as well as revenue and expenditure of the consolidated companies are included in full. The purchase method is used for capital consolidation. This involves capitalizing - as goodwill from acquisitions - the difference between the purchase price of a company and the fair market value of the net assets thus acquired, which is amortized on a straight-line basis over a period between five and twenty years.

All balances, transactions and unrealized profits existing between Group companies are eliminated during the consolidation process. Dividends paid by consolidated companies are set off and allocated to the reserves. Minority shareholders' share of equity and profits appear separately on the balance sheet and income statement, respectively.

Conversion and transactions in foreign currencies

Transactions in foreign currencies by subsidiaries are converted and booked using the rate of exchange prevailing at the time of the transaction. Exchange rate differences are included in the income statement. Foreign currency balances at the end of the year are converted at the respective year-end exchange rate. Any resulting exchange gains are included in the income statement. A provision is made for unrealized exchange gains.

In the consolidated financial statements the assets and liabilities of foreign subsidiaries are converted into Swiss francs using the year-end exchange rate. The average exchange rate for the respective year is used to convert the income statement. Any translation differences resulting from converting the balance sheet at year-end exchange rates and the income statement at average exchange rates are credited or debited to equity under "Translation differences" and thus do not affect profit.

Revenues from supplies and services

Turnover resulting from supplies and services is booked at the time of performance. Turnover is shown without VAT and after deduction of any discounts and price reductions granted to customers. Revenues from supplies and services comprises sales to customers, UIRR companies and third parties for services performed on the transport network of Hupac, as well as for the hiring-out of wagons outside this transport network, logistics services and miscellaneous.

Other income

In this position are disclosed the governmental grants.

Cost of supplies and services

The cost of supplies and services is made up of the charges invoiced to Hupac for the provision of the necessary supplies and services (including freight charges, leasing of wagons, maintenance, terminal charges, operational insurance premiums and miscellaneous) for achieving the turnover with customers, UIRR companies and third parties.

Events after the closing date

Due to the exceptional situation caused by the "Coronavirus" pandemic (COVID-19) in the first months of 2020, Hupac SA Group has experienced a significant decrease in activity and turnover starting in April. Undoubtedly, this will have a negative impact on 2020 financials statement of the Group. As the crisis has not yet been overcome, the group managers can until now, not yet foresee what the outcome of the COVID-19 Crisis will be. Nonetheless, they think it will not challenge the financial strength of the Group.

The following companies were fully consolidated:

Company		Share or company capital	Interests as %	
			31.12.2019	31.12.2018
Hupac Ltd, Chiasso	CHF	20 000 000		
Hupac Intermodal Ltd, Chiasso	CHF	250 000	100.00	100.00
Hupac SpA, Busto Arsizio	EUR	2 040 000	96.99	96.99
Sub-interests of Hupac SpA, Busto Arsizio: - Fidia SpA, Milan	EUR	550 000	3.00	3.00
Hupac GmbH, Singen	EUR	210 000	100.00	100.00
Termi Ltd, Chiasso	CHF	2 000 000	100.00	100.00
Sub-interests of Termi Ltd, Chiasso: - Termi SpA, Busto Arsizio	EUR	2 000 000	95.00	95.00
Termi SpA, Busto Arsizio	EUR	2 000 000	5.00	5.00
Fidia SpA, Milano	EUR	550 000	97.00	97.00
Centro Intermodale SpA, Milano	EUR	2 769 700	100.00	100.00
Sub-interests of Centro Intermodale SpA, Milan: - Terminal Piacenza Intermodale Srl, Piacenza	EUR	52 000	100.00	100.00
Hupac Intermodal Italia Srl, Busto Arsizio	EUR	100 000	100.00	100.00
Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	99.94	99.94
Hupac Intermodal NV, Rotterdam	EUR	200 000	100.00	100.00
Sub-interests of Hupac Intermodal NV, Rotterdam: - Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	0.06	0.06
Intermodal Express LLC, Mosca	RUB	3 000 000	75.00	75.00
Sub-interests of Intermodal Express LLC, Moscow: - Hupac LLC, Moscow	RUB	60 000 000	2.00	2.00
Hupac LLC, Mosca	RUB	60 000 000	98.00	98.00
Hupac Terminal Brwinów Sp. z o.o., Brwinów	PLN	100 000	100.00	100.00
Hupac International Logistics (Shanghai) Co. Ltd, Shanghai	CNY	5 000 000	100.00	100.00
Hupac Maritime Logistics GmbH, Duisburg*	EUR		-	100.00
Piacenza Intermodale Srl, Piacenza	EUR	8 430 300	100.00	100.00
ERS Railways GmbH, Hamburg*	EUR	200 000	100.00	100.00
Combiconnect Srl, Milan	EUR	500 000	100.00	-
Sub-interests of Combiconnect Srl, Milan: - Centro Interportuale Merci CIM SpA, Novara	EUR	24 604 255	43.86	-
Centro Interportuale Merci CIM SpA, Novara	EUR	24 604 255	23.17	3.64
Sub-interests of CIM SpA, Novara: - Crosstec Srl, Novara	EUR	100 000	85.00	-
TIN Terminal Intermodal Nord GmbH, Singen	EUR	50 000	100.00	-

\* In 2020 ERS Railways BV merged into Hupac Maritime Logistics GmbH: the new company name is ERS Railways GmbH.

The following companies were consolidated using the equity method:

Company	Registered in	Interests as %	
		31.12.2019	31.12.2018
Mercitalia Intermodal SpA	Milan (Italy)	34.48	34.48
Terminal Alptransit Srl	Milan (Italy)	42.00	42.00
RAIpin Ltd	Olten (Switzerland)	33.11	33.11
SBB Cargo International Ltd	Olten (Switzerland)	25.00	25.00
Cesar Information Services Scarl	Brussels (Belgium)	25.10	25.10
Combinant NV	Antwerp (Belgium)	35.00	35.00
Terminal Singen TSG GmbH	Singen (Germany)	50.00	50.00
Gateway Basel Nord AG	Basel (Switzerland)	24.50	24.50
Kombi-Terminal Düsseldorf GmbH	Düsseldorf (Germany)	-	33.33
Rail Terminal Chemelot (RTC) BV	Geleen (Netherlands)	40.00	40.00
boxXpress GmbH	Hamburg (Germany)	47.00	47.00
Eurogateway Srl	Novara (Italy)	46.49	6.06

Table of currency conversion

	Balance sheet		Income statement	
	31.12.2019	31.12.2018	2019	2018
CHF/EUR	1.08580	1.12650	1.11280	1.15470
CHF/RUB	0.01560	0.01417	0.015400	0.015643
CHF/PLN	0.25500	0.26197	0.258900	0.271031
CHF/CNY	0.13910	0.14321	0.143900	0.149730

Shareholders' equity movements

Amounts in 1 000 CHF	Share capital	Reserves and Group results	Treasury shares	Translation differences	Total	Minority interests
Balance at 1 January 2018	20 000	102 421	-2 068	-11 163	109 190	1 033
Translation differences				-3 272	-3 272	-89
Translation differences of associated companies				-970	-970	
Net equity adjustment		-392			-392	-505
Movements of treasury shares			243		243	
Parent company dividend		-1 559			-1 559	
Consolidated profits 2018		7 886			7 886	119
Balance at 31 December 2018	20 000	108 356	-1 825	-15 405	111 126	558
Translation differences				-2 713	-2 713	-184
Translation differences of associated companies				-1 002	-1 002	
Net equity adjustment		-1 075			-1 075	8 458
Movements of treasury shares			625		625	
Parent company dividend		-1 564			-1 564	
Consolidated profits 2019		5 126			5 126	-16
Balance at 31 December 2019	20 000	110 843	-1 200	-19 120	110 523	8 816

Treasury shares

Registered shares	2019	2018
Initial holdings on 01.01.	462	503
- Purchase	1	23
- Sale	-106	-64
Final holdings on 31.12.	357	462
The transactions were concluded on market-based condition.		

	2019	2018
Personnel - average number of full-time equivalents	537	504

Derivative instruments - As at 31.12.2019

Amounts in CHF	Contract volume as at 31.12.2019	Fair values as at 31.12.2019	Fair values as at 31.12.2018
Transactions interest rate swap			
Zürcher Kantonalbank 10.4.2012-14.4.2020, 0.825%	5 000 000	-40 655	-118 300
Credit Suisse 19.1.2015-19.1.2022, 1.46%	20 000 000	-987 398	-1 356 530
Total	25 000 000	-1 028 053	-1 474 830

At 5.4.2012 Hupac Ltd closed a deal concerning interest rate swap with Zürcher Kantonalbank and at 19.11.2013 with Credit Suisse. With these contracts Hupac Ltd has committed itself to pay a fixed interest rate. In return Hupac Ltd receives in case of positive interest level the floating rate corresponding to the 3-months Libor. The transactions have been concluded with the aim of securing a firm financing.

Amounts in 1 000 CHF	31.12.2019	31.12.2018
Extraordinary expenses	983	136
The most significant items are: 2019: Repayment to the BAV of part of the financing received for the construction of the Antwerp HTA Terminal 2018: Compensation for damages and unforeseen costs		
Extraordinary income	1 954	730
The most significant items are: 2019: Reversal of Tornesh provision and refund of penalty fees 2018: Reimbursement from bankruptcy proceedings Cosmef, reimbursement of other tax and insurances costs		
Other information in accordance with legal requirements		
Debts from leasing obligations with remaining duration of more than twelve months from the balance sheet date	4 580	300
Debts towards personnel foundations	636	581
Total amount of collateral pledged for liabilities of third parties	16 909	13 715
Pledges on assets to secure own liabilities	71 687	59 954
Details of Onerous long-term debts		
- 1 - 5 years	42 357	33 869
of which leasing	4 827	-
- > 5 years	92 802	53 466
of which leasing	3 133	-
Details of tangible fixed assets		
Tangible fixed assets	277 547	238 945
of which leasing	6 845	-
Auditor's fees		
Audit services	145	138

Report of the statutory auditor on the consolidated financial statements 2019

As statutory auditor, we have audited the accompanying consolidated financial statements of Hupac Ltd, which comprise the balance sheet, income statement, cash flow statement and notes, for the year ended 31 December 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2019 comply with Swiss law and the consolidation and valuation principles as set out in the notes.

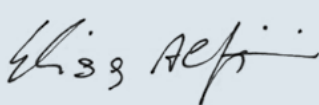
Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

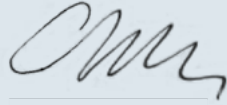
We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG



Elisa Alfieri  
Licensed audit expert  
(Auditor in charge)

Lugano, 21 April 2020



Michele Balestra  
Licensed audit expert