

128th

IARW-WFLO Convention

April 7–10, 2019

Santa Ana Pueblo, New Mexico

The Railcar and Warehouse Connection
The Importance of Rail in Today's Supply Chain
A Discussion on How to Make It Work Better



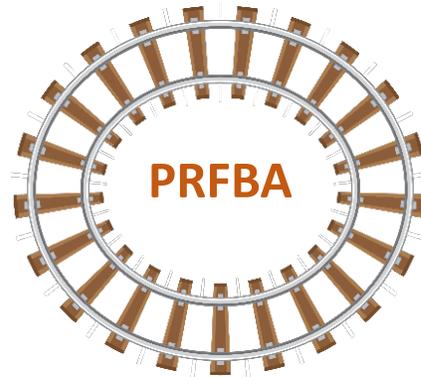
Thanks for Having Us

Mark Swensen

Real Job

North America Transportation

Kraft Heinz



Herman Haksteen

Real Job

CEO

Cryo-Trans, Inc.

Connected By

PRFBA

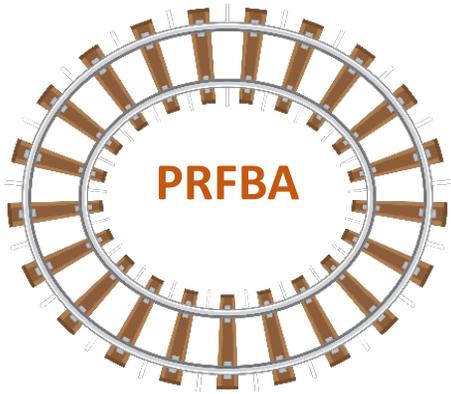
Private Rail Car Food and Beverage Shippers Association

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Who is PRFBA ?

Member Companies



E&J Gallo Winery



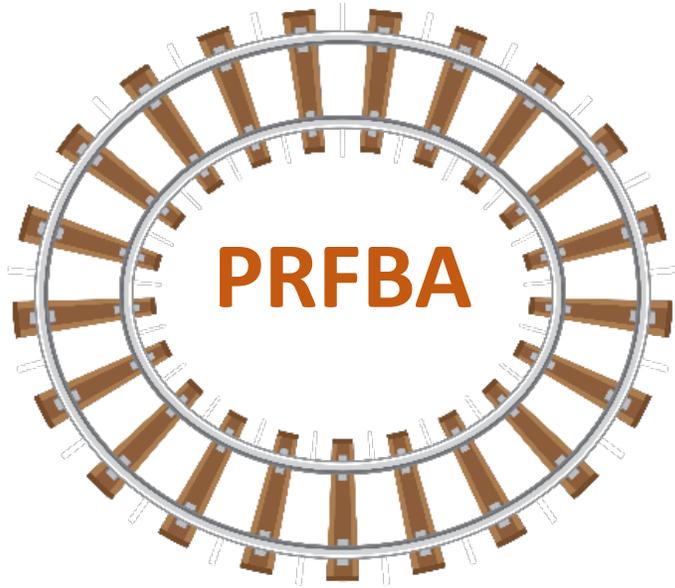
LAND O'LAKES, INC.



Kraft Heinz

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Why PRFBA ?

- Try to balance the scale with the RR
- Share best Rail practices between members
- Communicate with the Surface Transportation Board
- Communicate with Washington – help our policy makers understand shippers rail issues
- Communicate the value of rail to others

LET'S GET GROUNDED

The North American Rail Network is the single most important transportation infrastructure asset that America has!

Every week in 2018 over 730,000 railcars were loaded in the North American rail network – an equivalent of 2.2 million truckloads



We Need To Make Rail Work in Today's Supply Chains

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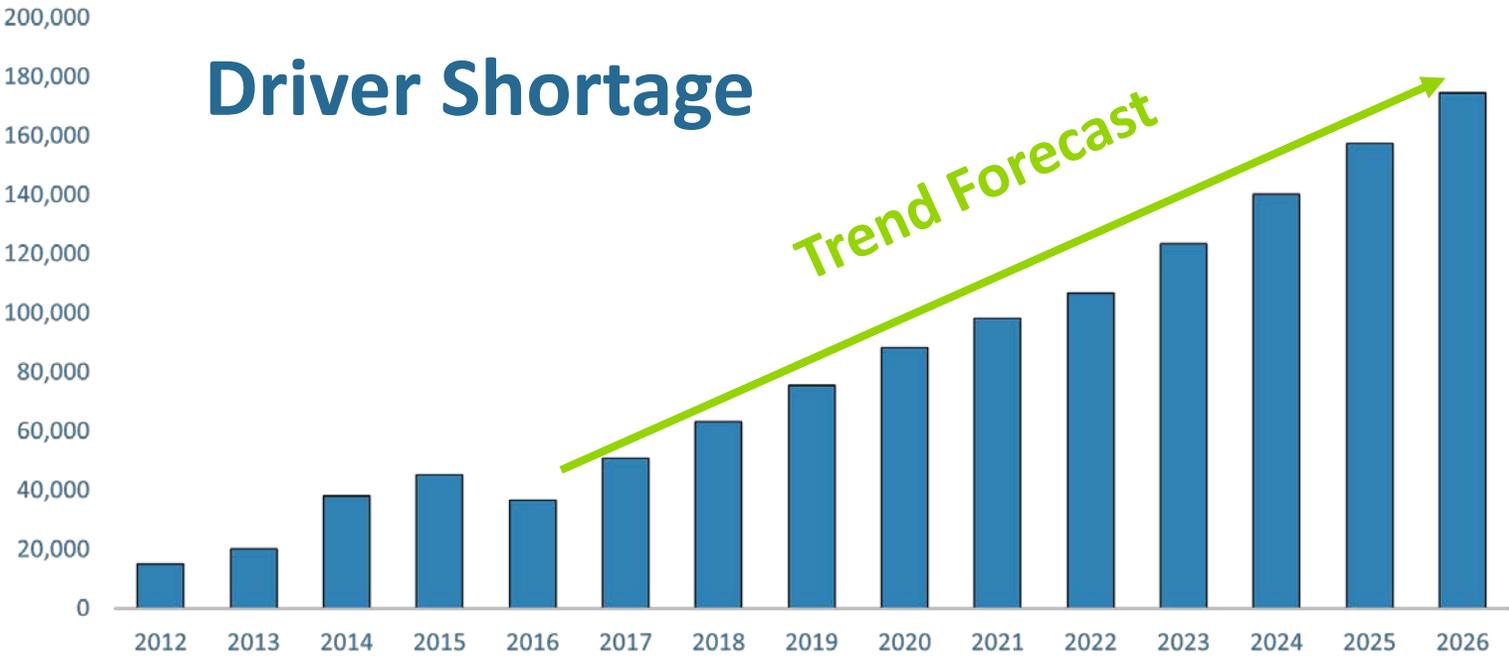
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TRUCKS ARE NOT AN OPTION

We have infrastructure concerns, congestion issues, and.....



Source: ATA's Truck Driver Shortage Analysis 2017

Identify the **PROS** and **CONS** of using Rail In the Food and Beverage Industry To Help us Manage the Opportunity

PROS

- Safety
- Second most efficient form of transportation after water for cost/environment
- Runs on its own infrastructure
- Adds capacity
- Reduces cost
- Modal diversification (strategy and risk management)
- No drivers

CONS

- Railroads are tough to negotiate with
- More transportation damage
- Slower, requires more inventory in a pipeline
- Inconsistent service
- Loading and unloading requires more Labor
- Regulated industry, cumbersome to deal with rules, regulations, tariff etc.
- Equipment availability
- Cost to other industries

Benefits of Rail to KHC

- Cost/LB Advantage
- Inventory Control – Warehouse Management
 - Extended transit helps prevent over filling down stream warehouses
- Protection from surging trucking market
 - Constant rail volume helps reduce peaks and valleys in truck volume
- Healthy Supply Chain

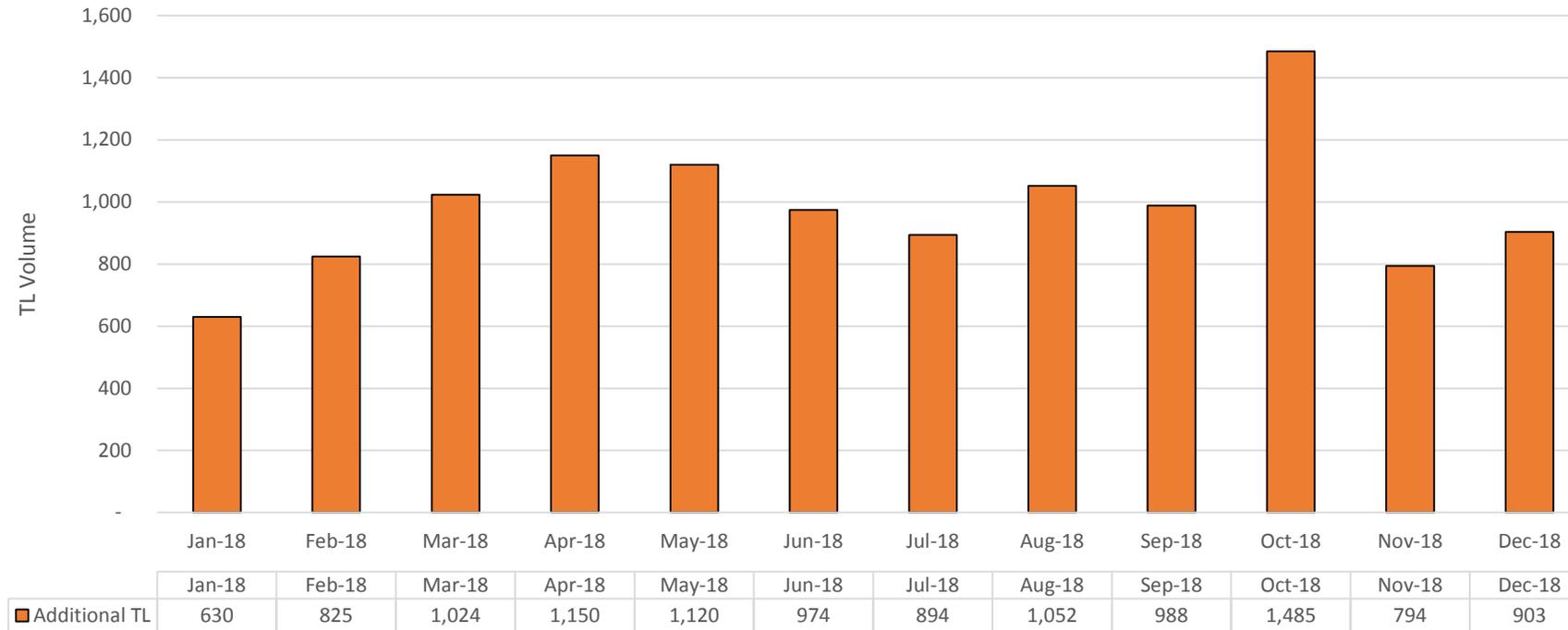


Kraft *Heinz*

THE KRAFT HEINZ COMPANY

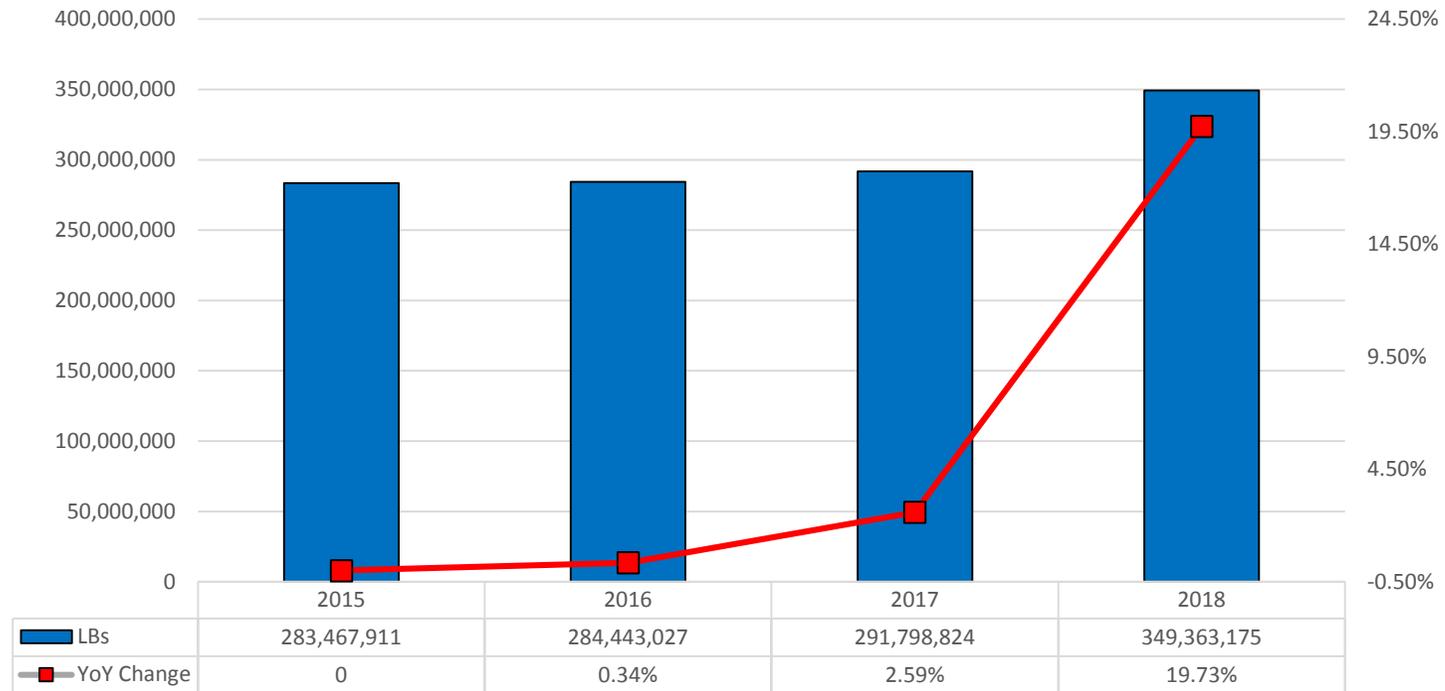
Would Have Added over \$12MM in Additional Linehaul Spend

Additional TL without Rail



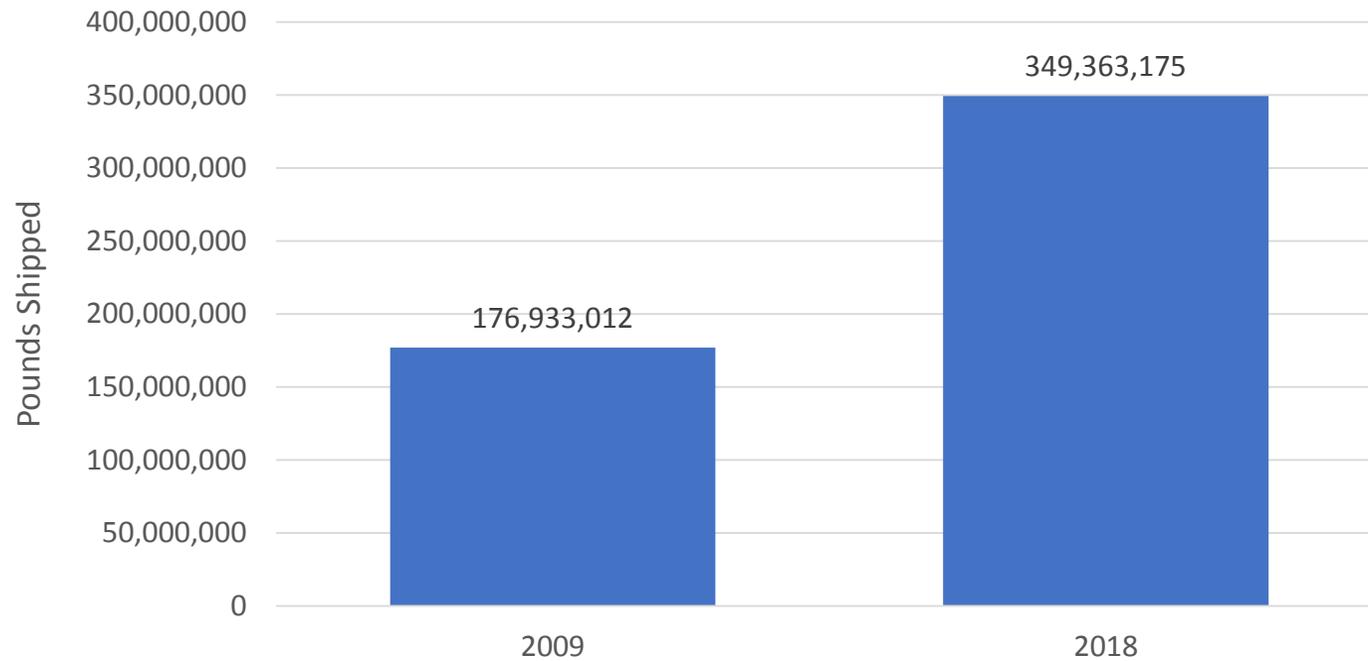
Kraft Heinz Rail LBs Shipped since 2015:

YoY LBs Shipped



97% Growth in Rail over the Last Decade

Kraft Heinz Rail Shipments
2009 vs 2018



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**The next slides represent your organization's
survey about rail.**

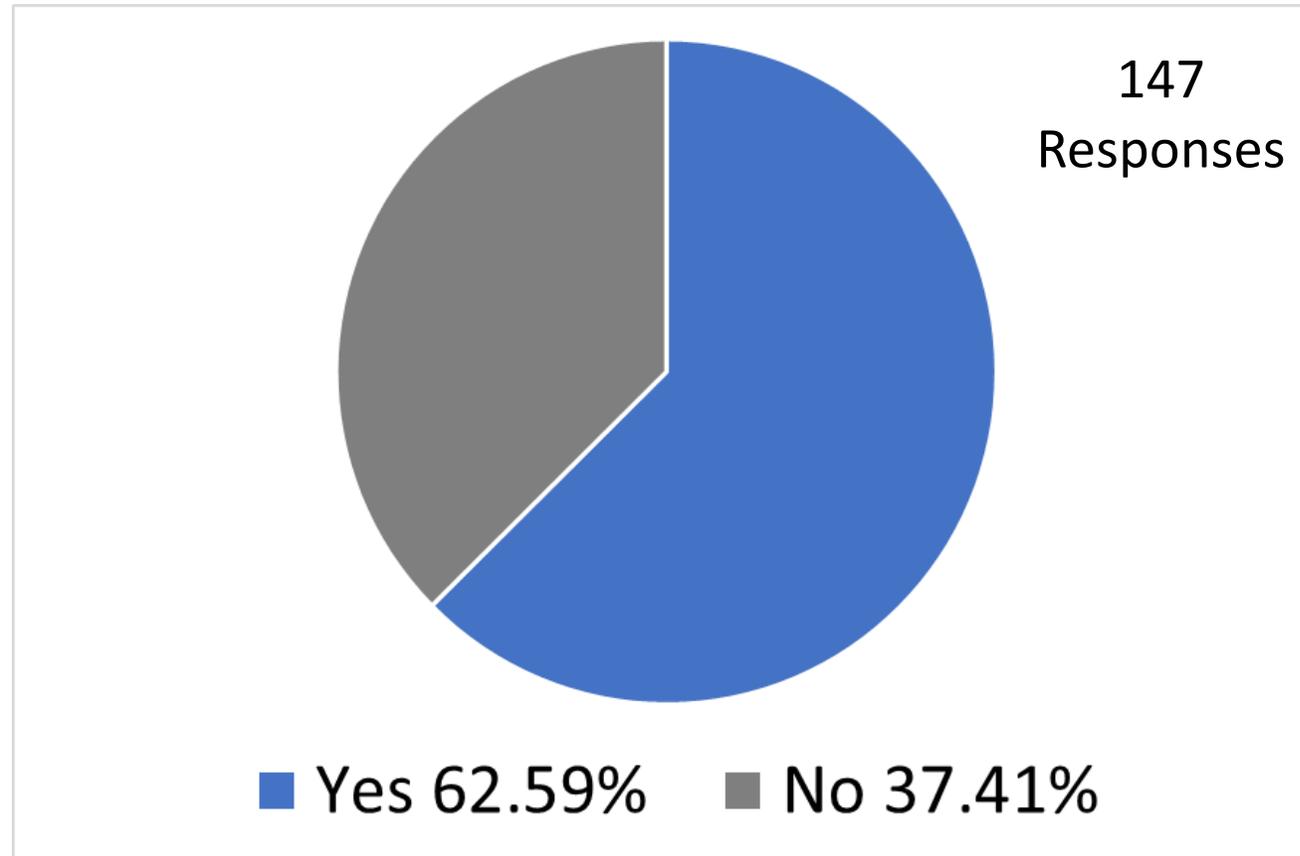
**We want this opportunity to talk about the
issues raised and have an open discussion
about what we can do together to make Rail
work better for everyone -**

WHEN IT MAKES SENSE



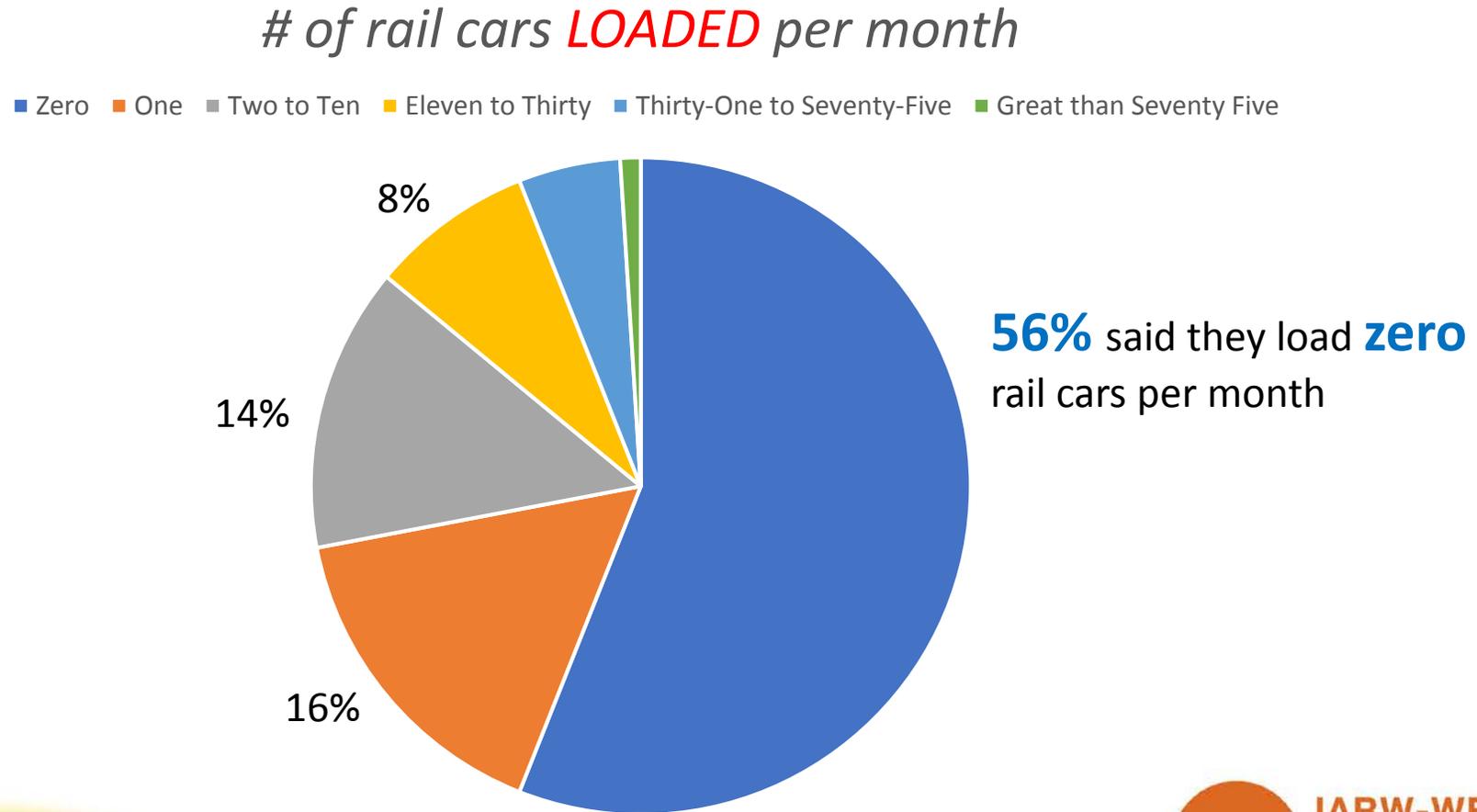
IARW Rail Survey

Does your facility currently have a functional rail spur or rail access?



Of the 80 respondents who have access to a functional rail spur:

of rail cars *LOADED* per month

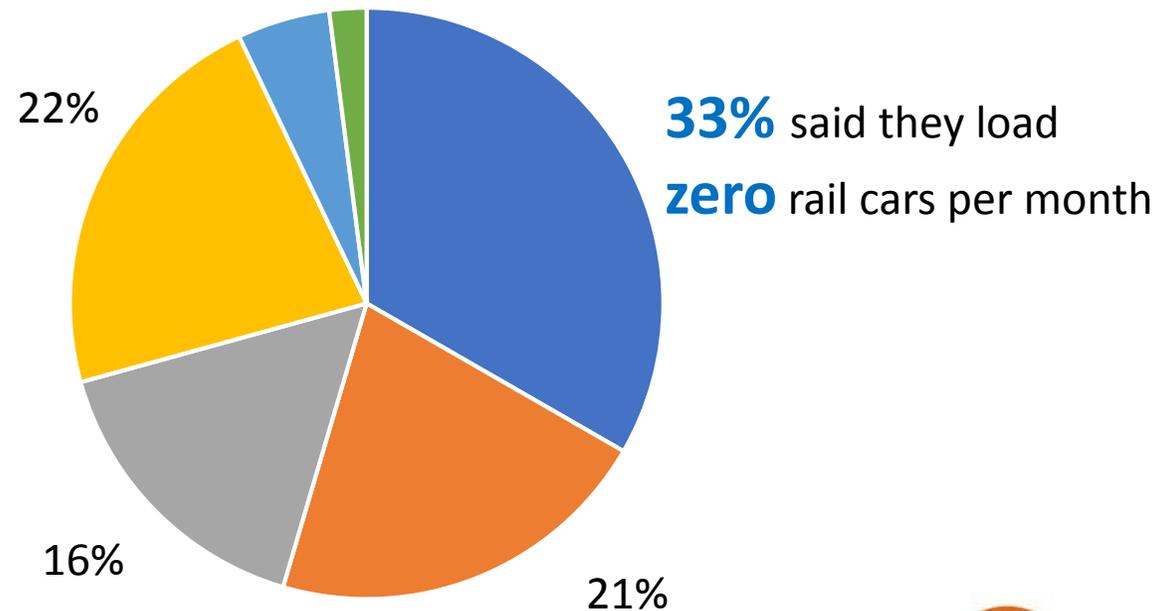


Of the 80 respondents who have access to a functional rail spur:

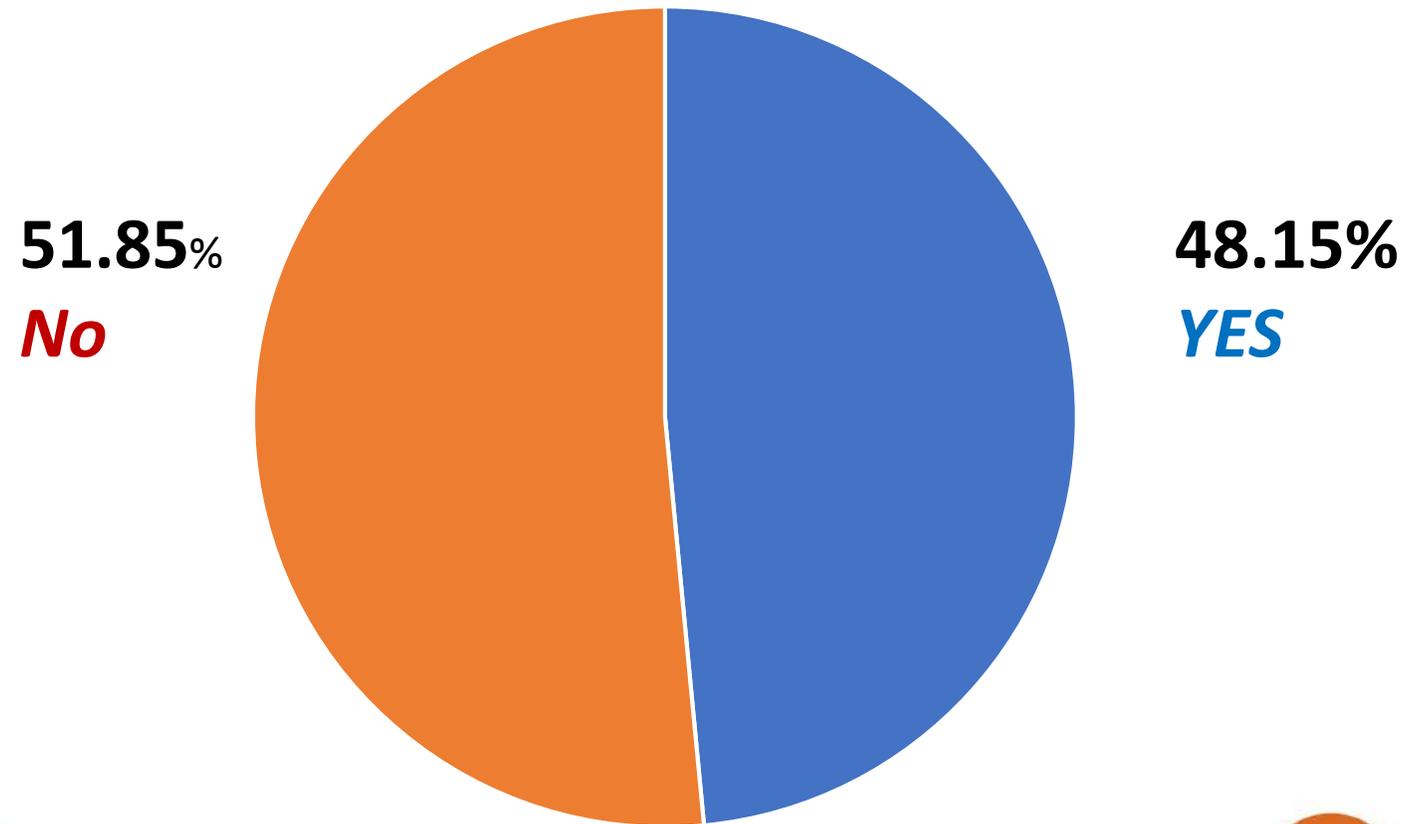
functional rail spur:

of rail cars **UNLOADED** per month

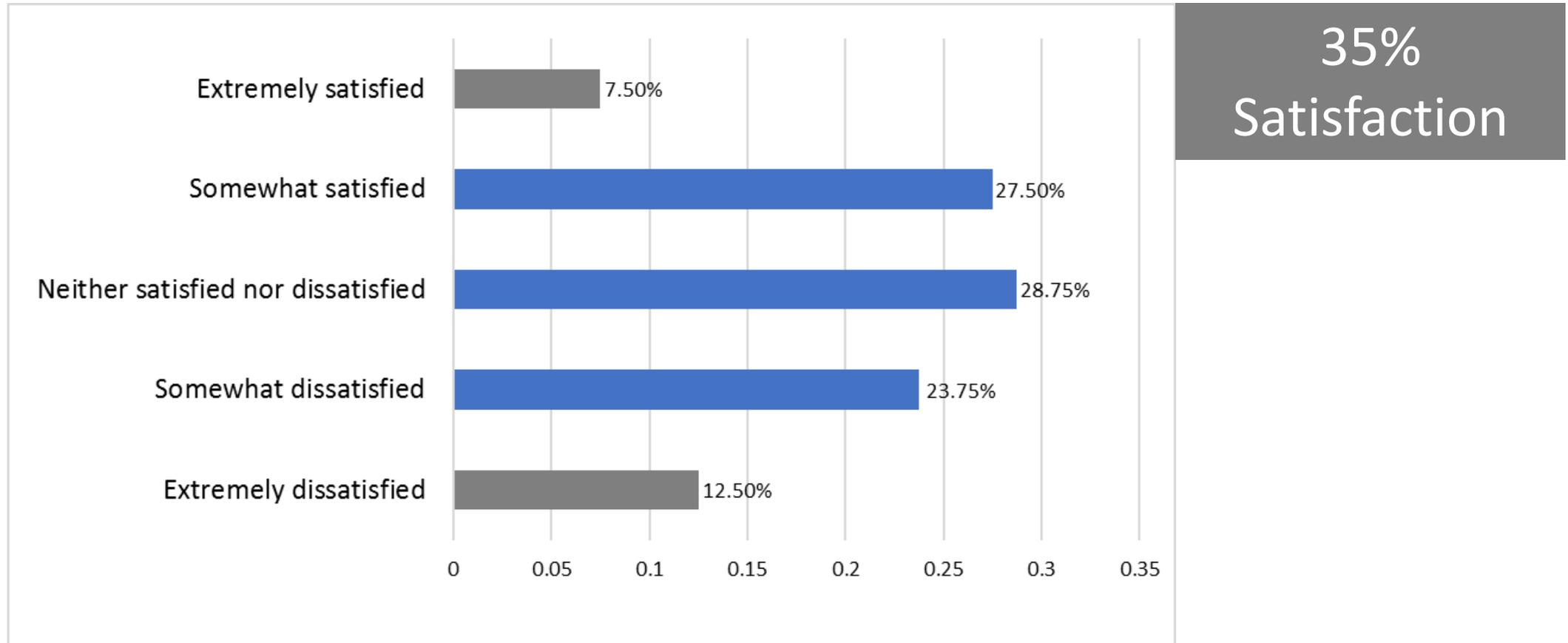
- Zero
- One to Five
- Six to Ten
- Eleven to Thirty
- Thirty-one to Seventy-Five
- Seventy Six or Greater



Would having a rail spur or rail access enhance your business?



How would you describe your overall satisfaction shipping and/or receiving via rail?



I would pursue adding rail access to my building if:

"We had a customer that made it financially feasible."

"I owned the property."

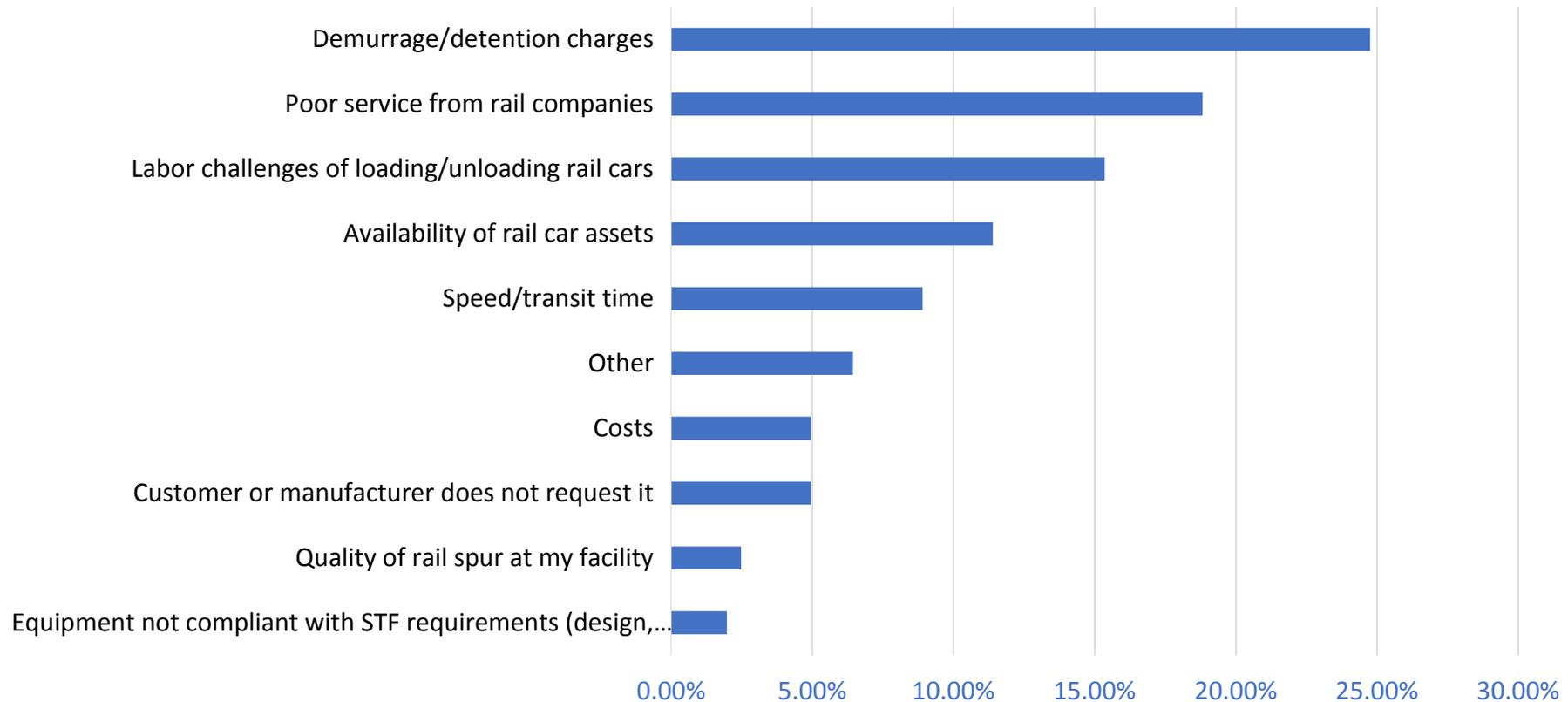
"It might be an added benefit, but the service of the railroads is not very good. "

"We are looking for rail access sites for future facilities."

"Financing was available."

"We are adding rail access to our cold storage facility currently under construction. It will be available 3Q of 2019."

When you experience issues with rail shipments, which of the following are the most common? Please select up to three.



**Thanks For Your Time, Attention
and Valuable Feedback**



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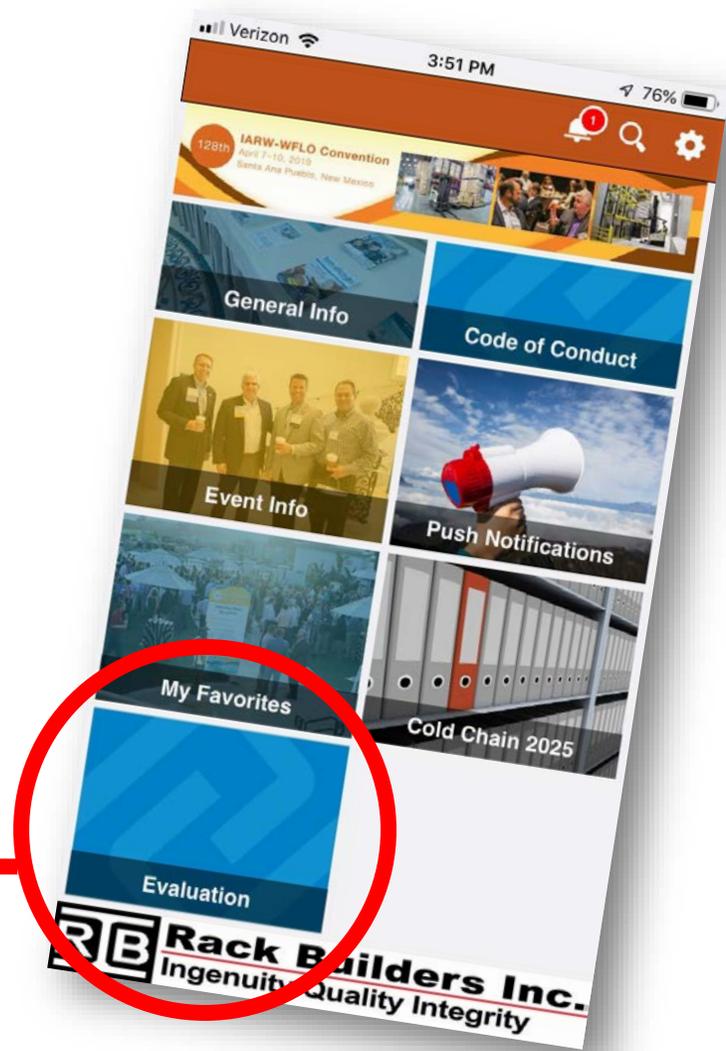
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Tell us what you think!

Complete the short keynote, Cool Innovator and Peer to Peer evaluation on the homepage of the Convention app!



Learn more!



2019 Rail Survey results out now!



Working group focused on rail at the 2019 Global Cold Chain Expo