

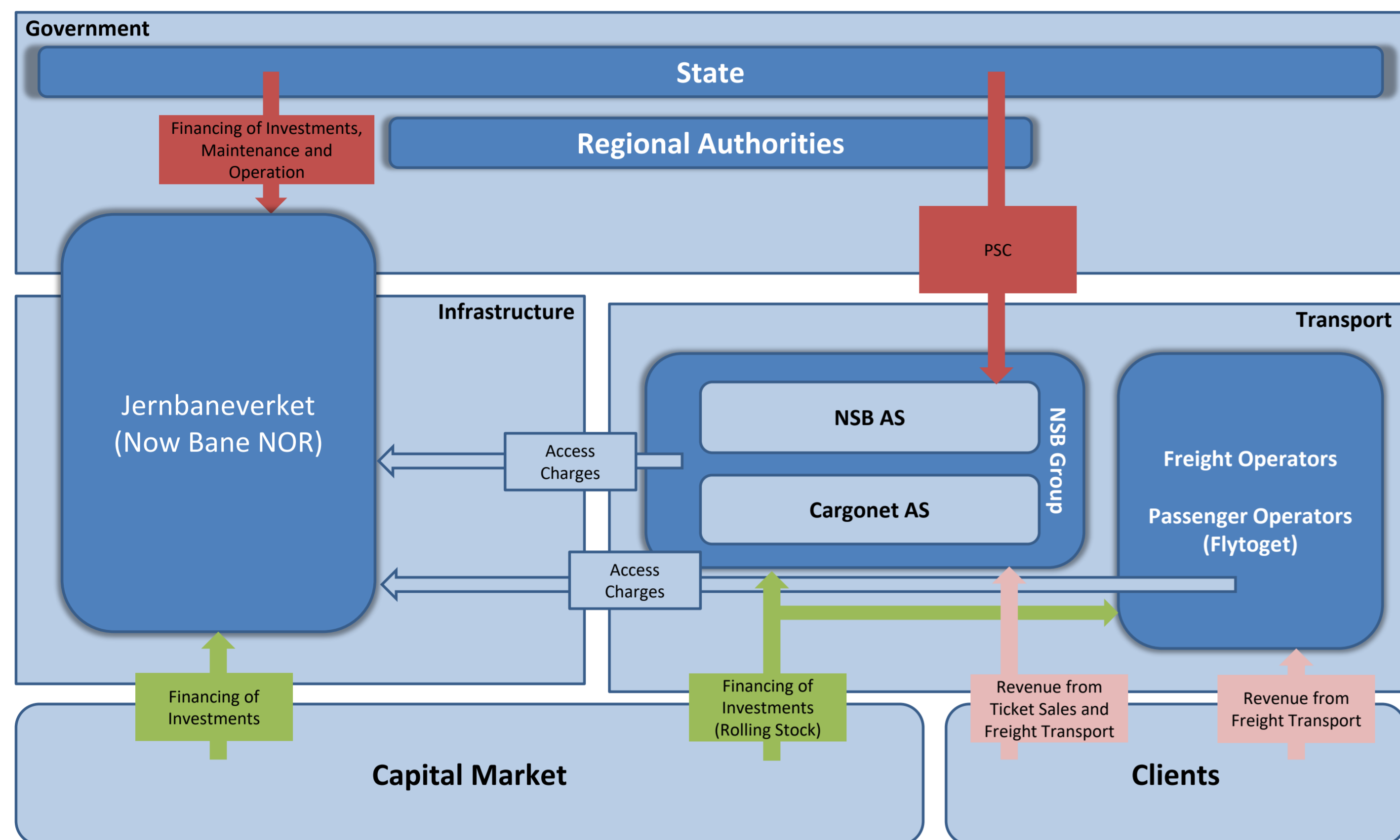
Public Budget Contributions to the Norwegian Rail Sector

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Organizational Structure

Main Operators

The NSB Group, a limited company, is the main national railway company owned by the Norwegian State. With its two subsidiaries NSB AS and Cargonet AS it supplies the market with transport services. Beside the freight division of NSB, several private operators offer freight transport services on an open access basis. Flytoget is another state owned company that operates the airport link in Oslo. The network is owned, operated and developed by the Norwegian National Rail Administration (Jernbaneverket).



Infrastructure

Jernbaneverket, a government agency, responsible for owning, maintaining, operating and developing the Norwegian railway network, is the national infrastructure manager. For its tasks Jernbaneverket receives government support that covers expenditures for operation and maintenance of the network as well as for investments. The administration receives most of its income from the ministry, while access charges account for an very little fraction of total revenue.

Transport

The Ministry of Transport is the organizing authority for public transport services. It purchases passenger services from the (state owned) NSB Group. There are no major competitors in the passenger segment, since NSB has an purchasing agreement with the Norwegian government. Only a few connections can be operated on a commercial basis. Freight services have been opened for competition and run without government support.

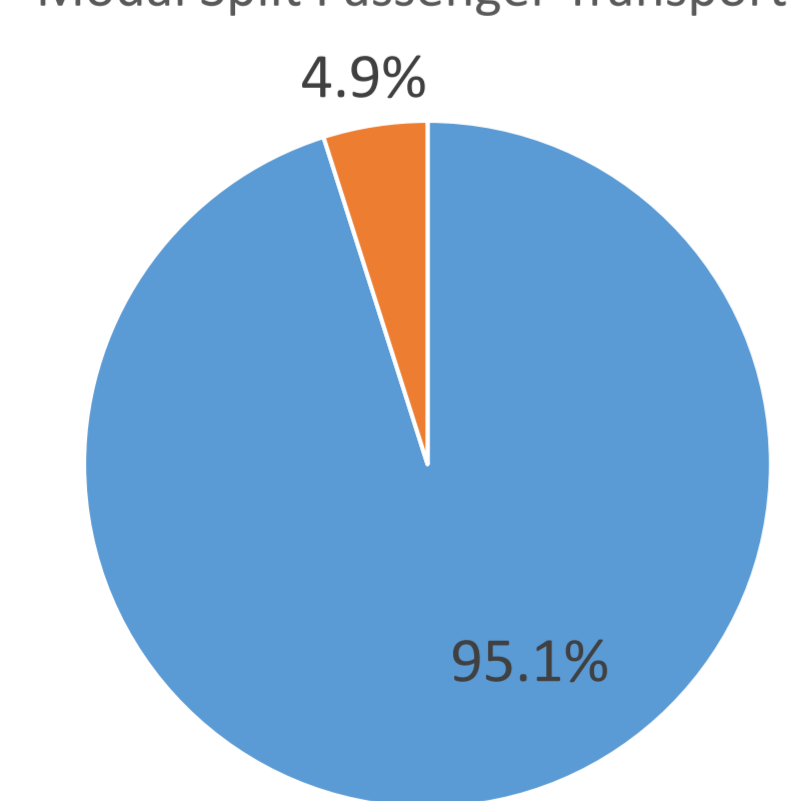
Other

With effect of the beginning of 2017 the sector has been restructured. The tasks of Jernbaneverket have been transferred to Bane NOR and the Norwegian Railway Directorate. Bane NOR continues to operate as an government agency, being organized as a state enterprise. The Norwegian Railway Directorate is a government agency holding the strategic responsibility for the Norwegian railway network. The reform will also allow for an gradual introduction of competition for passenger rail services (tendering).

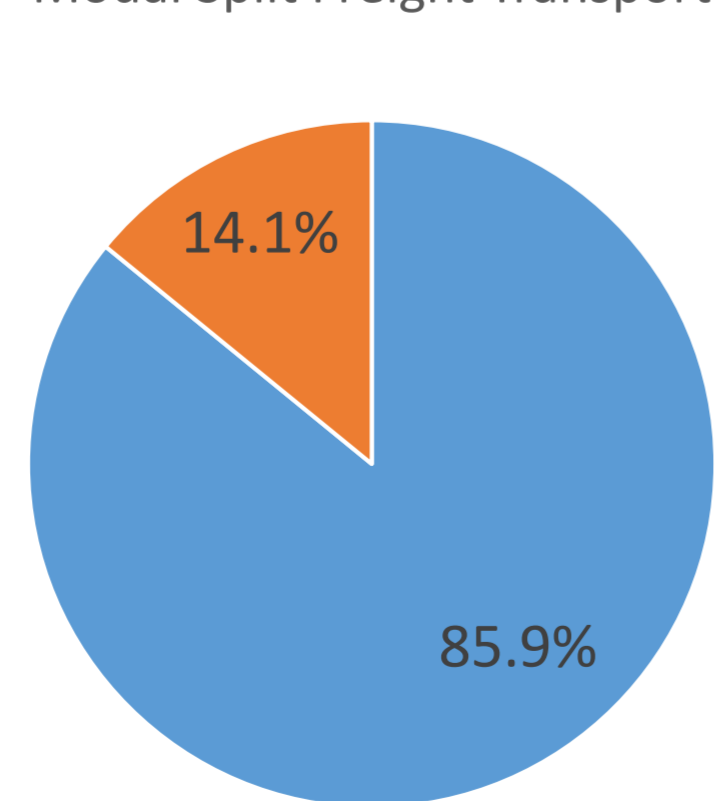
Industry Characteristics (2015)

Length of Line in use:	3,867 Kilometer (2014)
Passenger-Kilometer:	3.498 billion
Ton-Kilometer:	3.555 billion
Passenger-Ton-Kilometer:	7.053 billion
Modal Split Freight Transport:	14.1 % (2014)
Modal Split Passenger Transport:	4.9 % (2014)

Modal Split Passenger Transport



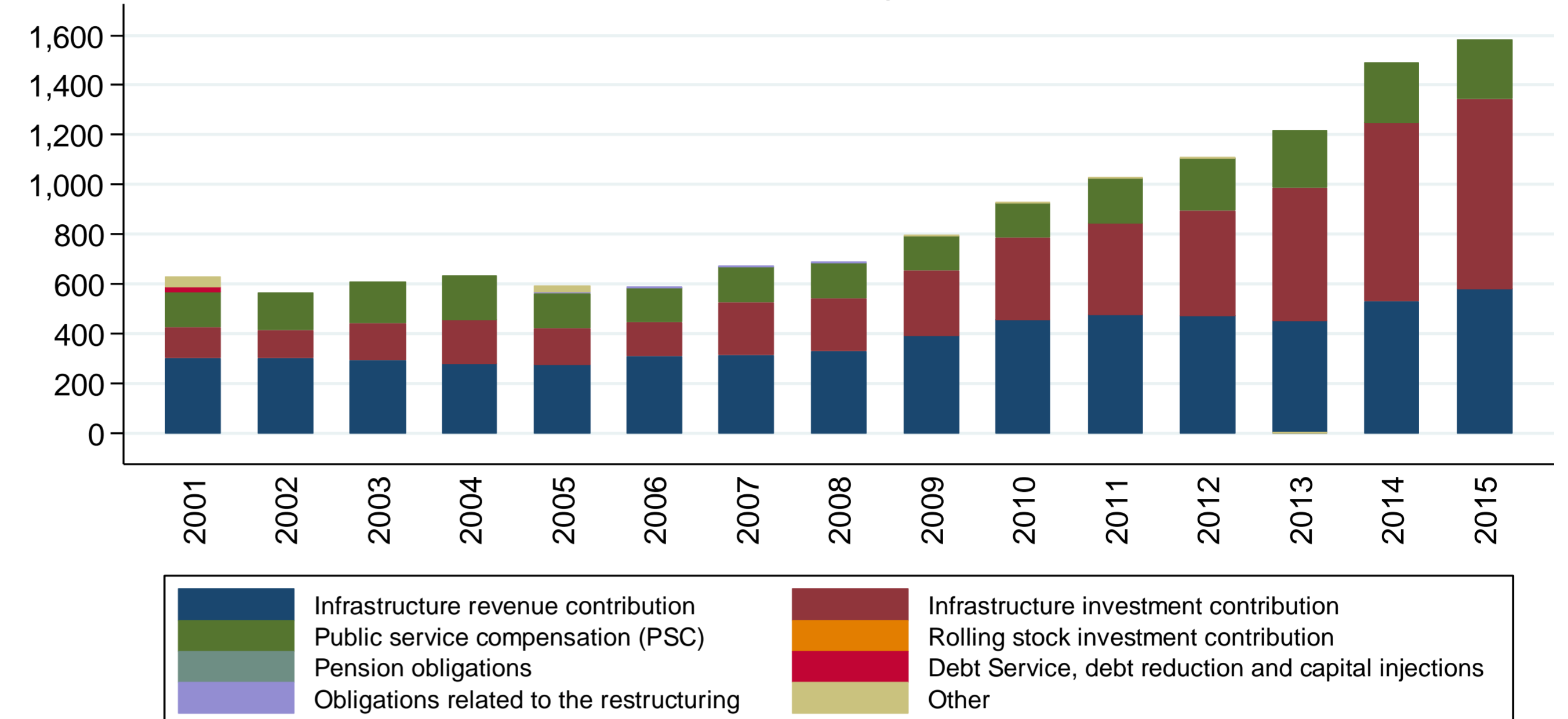
Modal Split Freight Transport



Source: European Commission - Transport in Figures, Eurostat

Financing

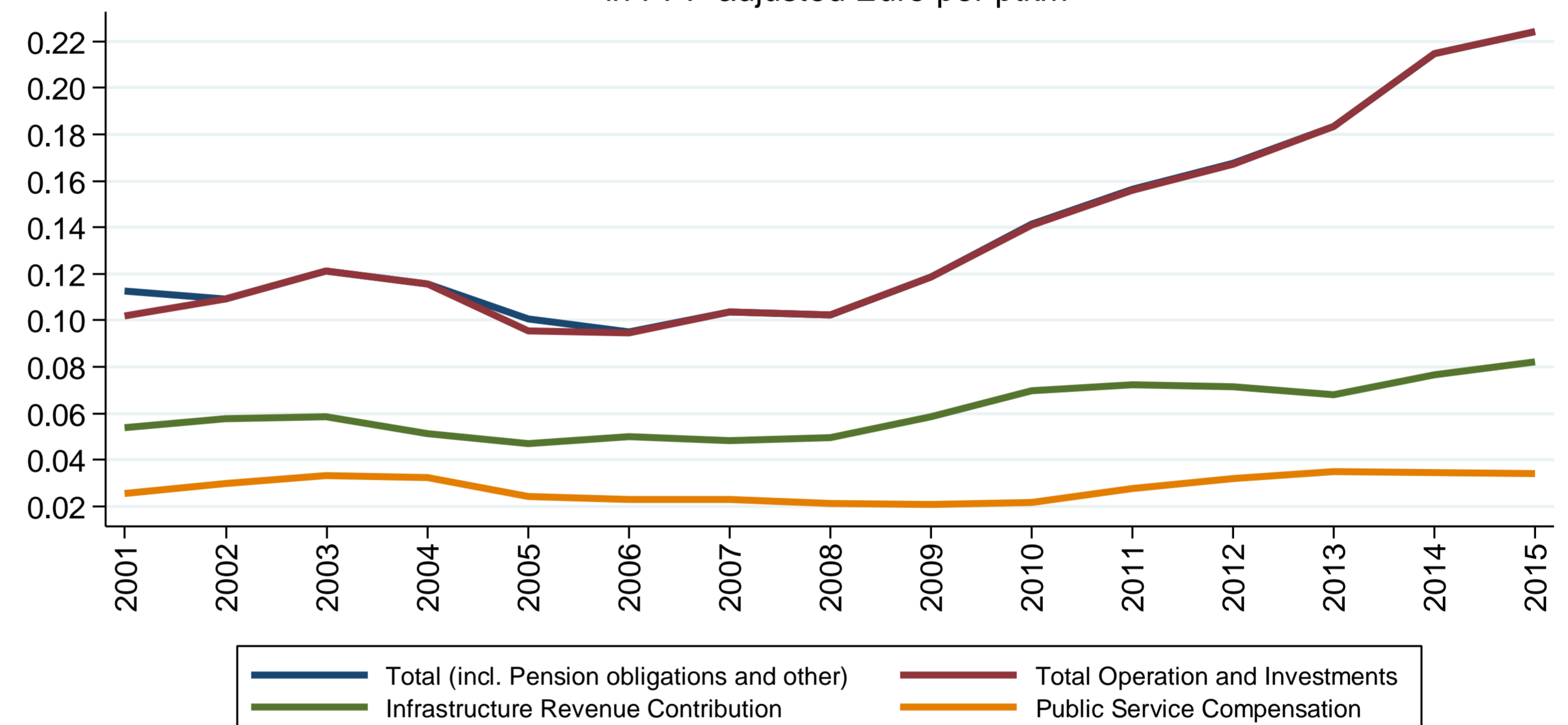
Public budget contributions to the Norwegian railway sector
in million PPP adjusted Euro



Development of Public Budget Contributions

Public Budget contributions to the Norwegian railway sector have been heavily increasing over the observation period. While contributions for the operation of the infrastructure and public services remained relatively stable, infrastructure investments have been multiplied. In 2015, 0.76 billion Euro have been granted for investment into the infrastructure. Jernbaneverket received 0.58 billion Euro for the operation of the network. The Public Service Compensation paid to NSB amounted to 0.24 billion Euro. In 2015, each passenger-ton-kilometer was on average subsidized with 22.4 cents of which 3.4 cents were granted for the operation of public services, 8.2 cents for the operation of the infrastructure and 10.8 cents for infrastructure investments.

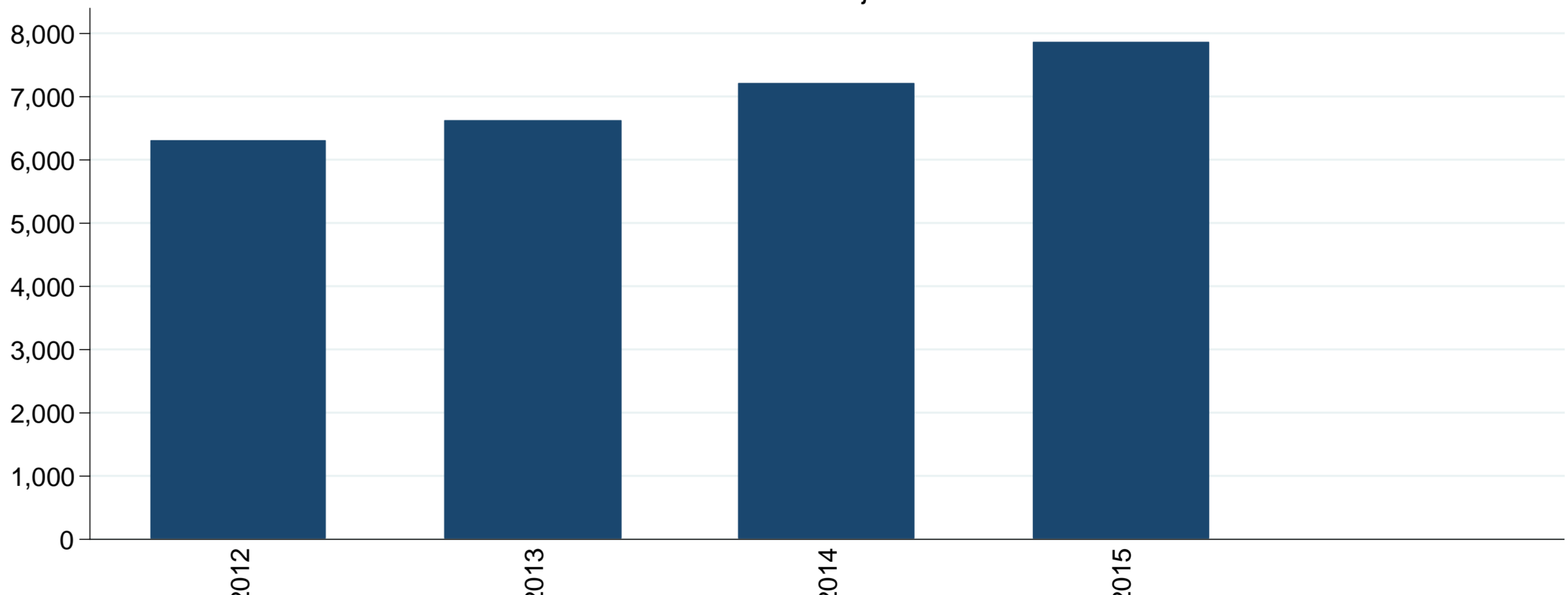
Public budget contributions to the Norwegian railway sector
in PPP adjusted Euro per ptkm



Financing Structure

The financing structure of the Norwegian railway sector is characterized by an high degree of government funding. Both, the operation of passenger services as well as the operation of the infrastructure is supported by the Norwegian government. While revenue contributions are the main income source of the infrastructure manager, NSB AS is able to cover around 50 percent of operating expenses from market revenue.

Liabilities Jernbaneverket
in million PPP adjusted Euro



Financing of Investments and Sustainability

Since the Norwegian infrastructure manager Jernbaneverket is organized as an government agency, it is difficult to compare the indebtedness to the one of other European infrastructure managers. The accounts of Jernbaneverket form an integral part of the State Accounts. The Swedish Infrastructure Manager Trafikverket, that is organized in a similar manner, doesn't publish financial data in detail. For the years 2012-2015 Jernbaneverket stated non-current liabilities between 6 and 8 billion Euro. For years before 2005 no data was available. Data for years after 2012 is not comparable with previous years.