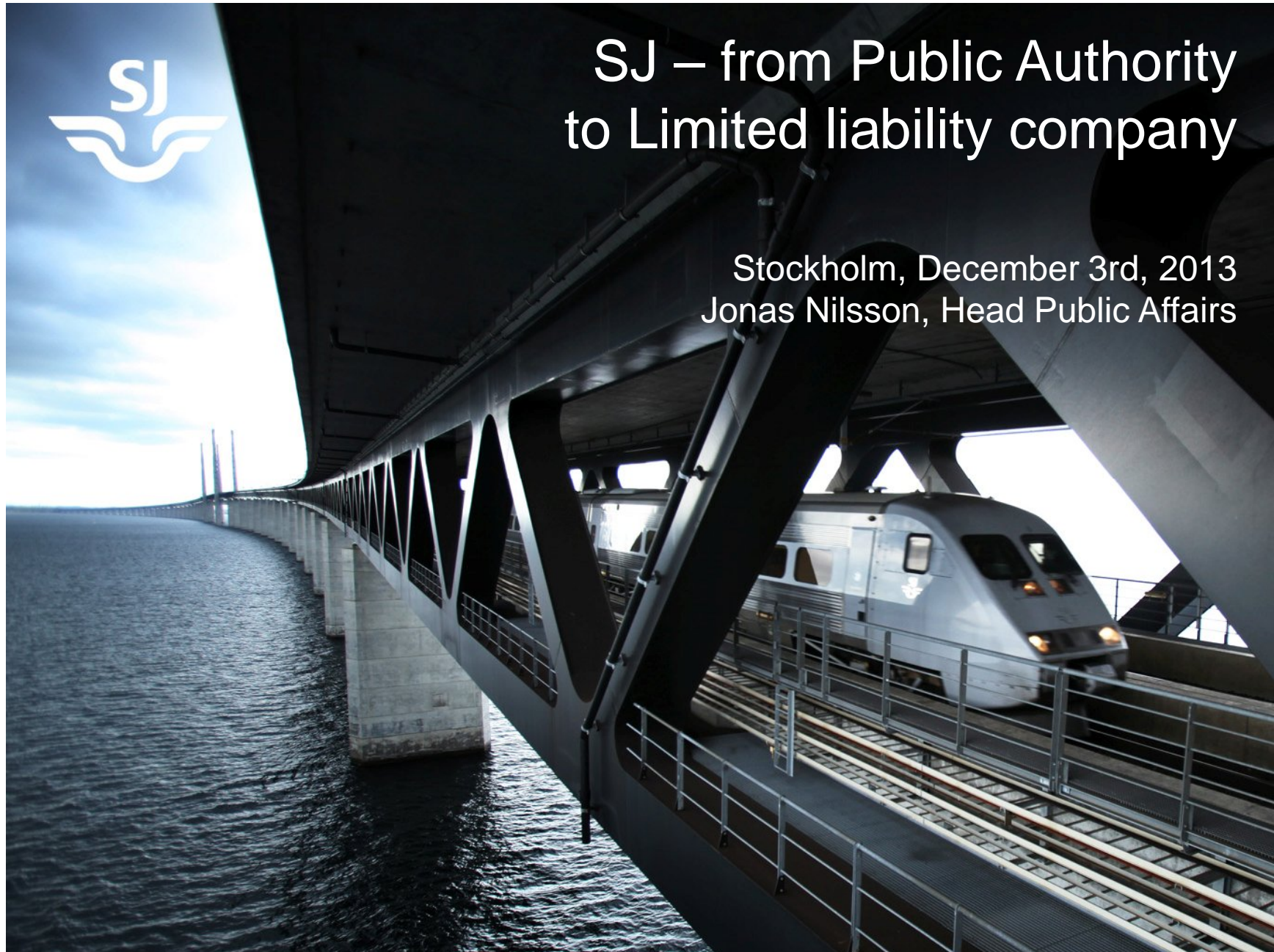




# SJ – from Public Authority to Limited liability company

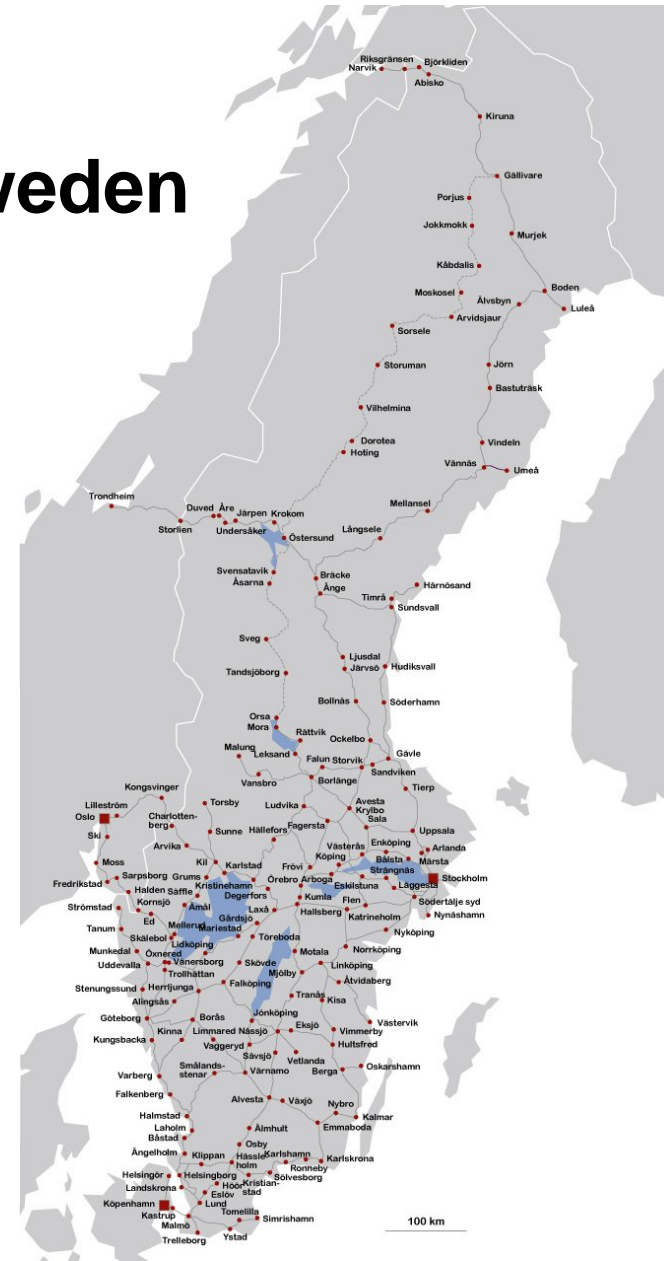
Stockholm, December 3rd, 2013  
Jonas Nilsson, Head Public Affairs





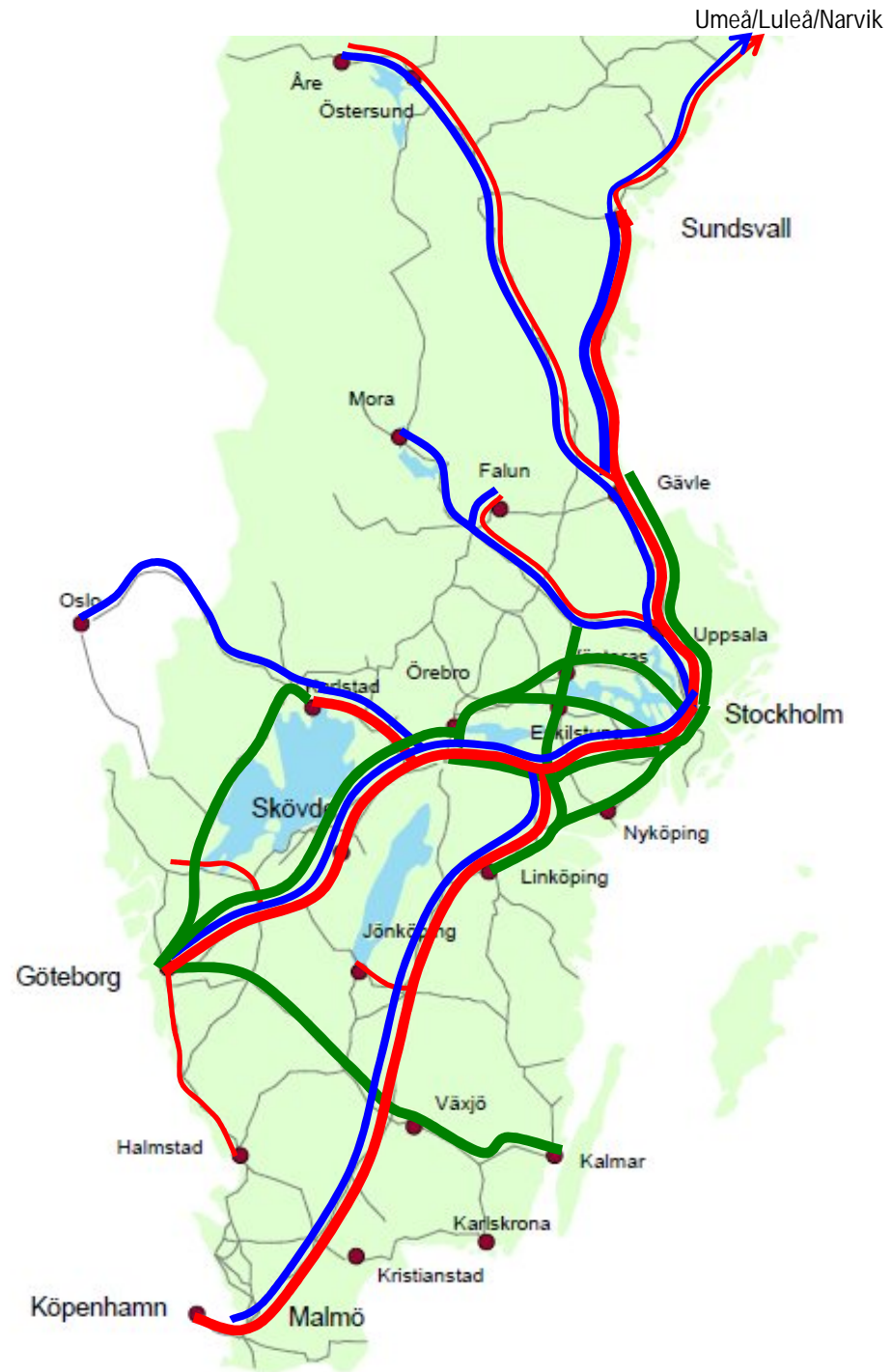
# Rail traffic in Sweden

- Sweden has more than 12,000 km of railway track
  - 2,000 double tracks
  - 10,000 single tracks
- SJ has a 55% share of the total Swedish rail market
- SJ operates 90% of rail passenger services in Sweden exceeding 100 km





- **SJ Regional**
- **SJ High speed**
- **SJ InterCity & SJ Night**



# SJ AB

- Limited liability company owned by the Swedish state
- The mandate
  - To operate passenger rail services
    - *both in competition and in co-operation with others*
- The requirement
  - To be profit-making
  - 10% return on equity





## **SJ's objective:**

**- A modern, profitable and customer oriented travel company**

- **Approx. 4,000 employees**
- **Sales of SEK 8.5 billion in 2012**
- **Limited liability company owned by the Swedish state**
  
- **110,000 passengers per day**
- **Travel services under our own brand**
- **Contract rail services for regional transport authorities**



## Pre modern milestones

### ← Busses

- 1960/70 Buss operations in municipal organisations
- 1967 Stockholm Local transport was formed
- 1978 Local/regional transport organisations (Trafikhuvudmannalagen)
- Legal tenders buss operation

### Trains

- 1950/1990 continuous economic crises in train transportation (1958 state subsidies)
- 1979 “Trafikhuvudmän” gets responsibility for non profitable lines
- 1985 state gets increased responsibility of infrastructure
- 1988 vertical separation – infrastructure and transport
- 1989/90 BK Tåg (private) wins first legal tender (Krösatåg)

# Modern milestones that changed operations

- **1988** Separation of operations
  - Banverket - infrastructure
  - SJ - passenger operation
- **2001** SJ AB was founded
  - from Public Authority to Limited liability company
- **Refined business**
  - Green Cargo, Jernhusen, Euromaint, Swemaint AB, EDB, Unigrind, TraffiCare became separate operations





## SJ as a limited liability Company - modern history

- 2001: -49 millions SEK
- 2002: -994 millions
  - "Bancrupcy"
- 2003: millions
  - 1,8 billions in owner contribution to stay in business (tax payers)
  - New business model







## Turn around

- 2004: 192 millions
  - New price model
    - dynamic pricing
  - 40 new trains are ordered (X40)
- 2005: 1,2 billions
  - Dynamic pricing in both 2 Class and 1 Class
- 2006: 368 millions





# Consolidation

- 2007: 507 millions
  - Internet auctions
- 2008: 543 millions
  - 20 new fast trains are ordered (2 billions SEK)
- 2009: 460 millions
- 2010: 294 millions
- 2011: 38 millions
- 2012: 498 millions
- **2004-2012: 4,1 billions**

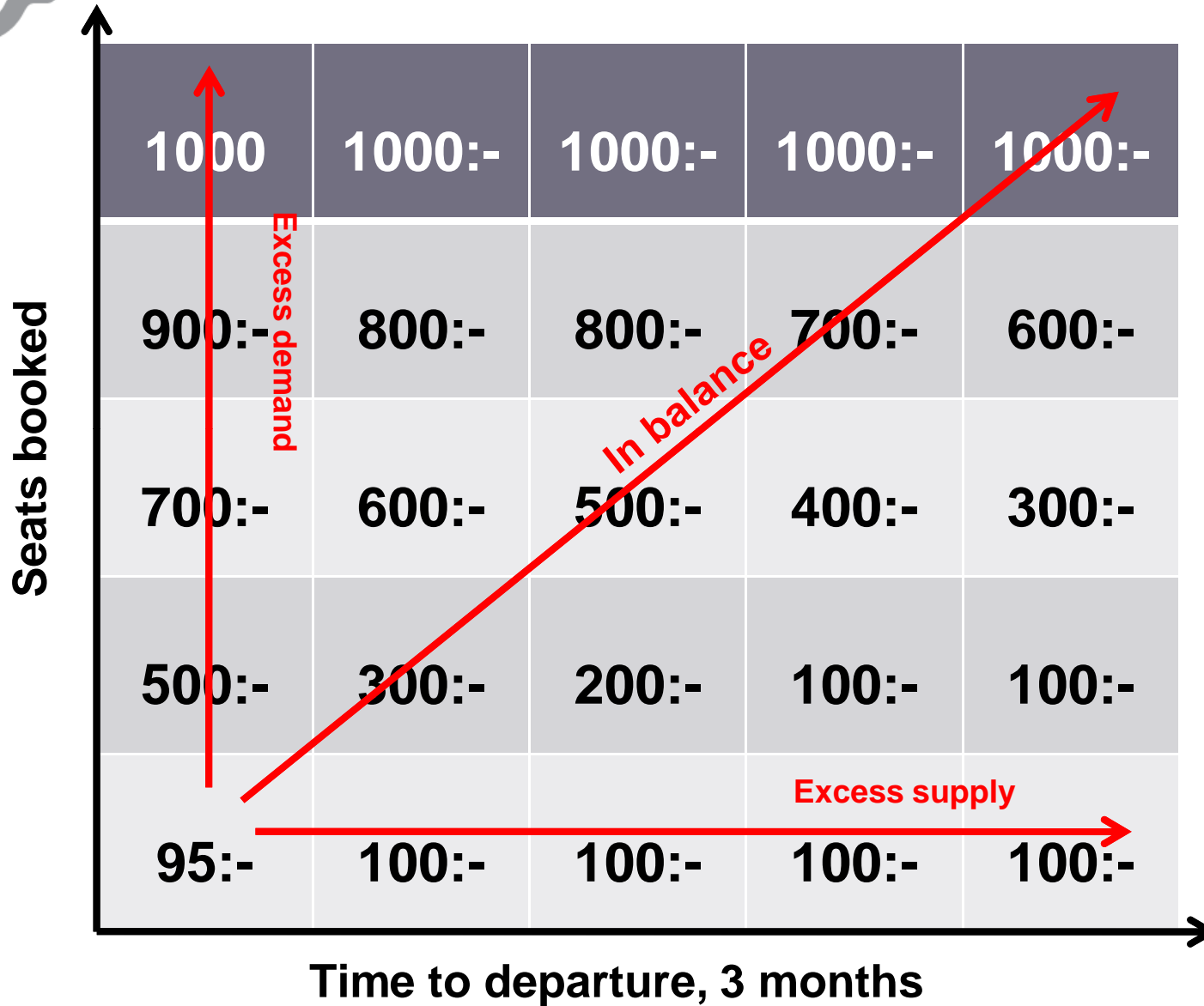


## Parameters of success

- Institutions of limited liability companies
  - means operations on sound economic grounds
- Dynamic pricing
- Environmental thinking becomes share of mind
- Inter city-operations is easy travelling
- Modern segmentation of customers
- Regional clusters of commuting

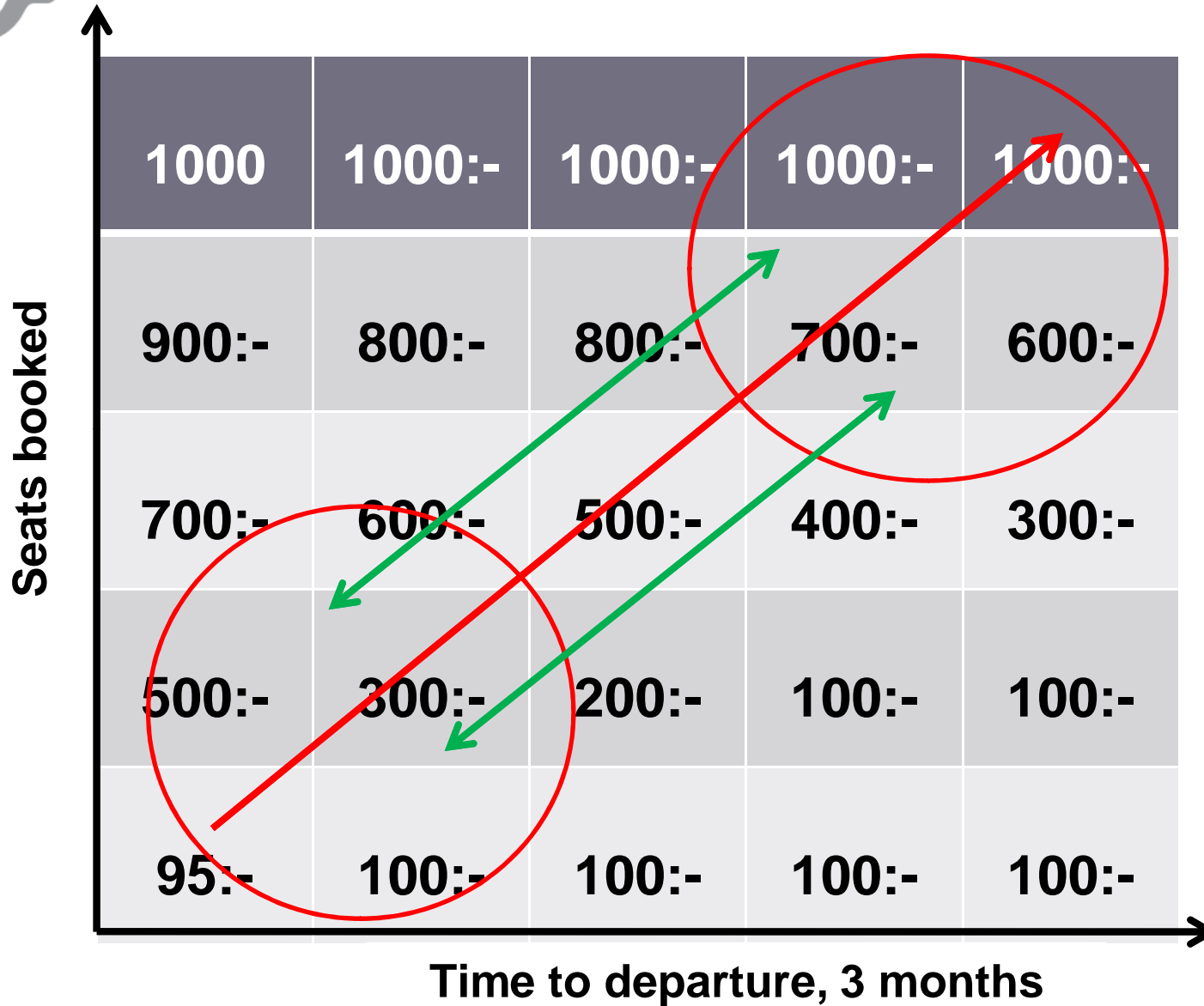


# Dynamic pricing





# Dynamic pricing





## Dynamic pricing

	Price index train tariffs	Inflation
1985-1995	101%	66%
1995-2005	48%	10%
2005-2010	4%	12%



## Dynamic pricing 2005 – 2012

	Price index train tariffs	Inflation
2005 - index	0	0
2006	0	+1
2007	-6	+4
2008	-7	+7
2009	-4	+7
2010	+1	+8
2011	+4	+11
2012	+4	+12



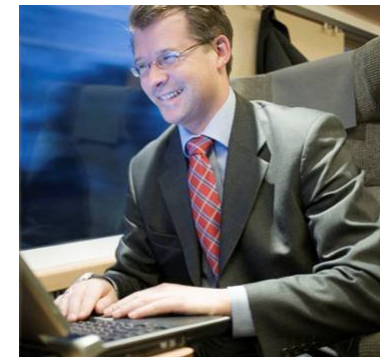
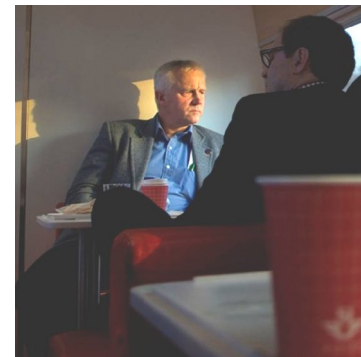
## Markets

Gtb-Sto	Train	Air
2001	49%	51%
2012	69%	31%

Karlstad-Sto	Train	Air
2001	66%	34%
2012	90%	10%

Sundsvall-Sto	Train	Air
2001	30%	70%
2012	66%	34%

Malmö-Sto	Train	Air
2001	23%	77%
2012	30%	70%









# Deregulation in three steps

## Timetable

1. July 2009 – opening of weekend traffic
2. October 2009 – opening of international traffic (cabotage)
3. October 2010 – opening of all markets, general access

## The free market argument

- Beneficial for passengers
- Triggers development and increases efficiency
- Also domestic markets should be opened
- Abolish monopolies, avoid concessions/restrictions





# Thank you

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