

UKRAINE'S RAILWAY WAR: "If you can't send ammunition, give them a ride!"



RDC Group refugee train at Frankfurt/Oder, Germany

- Henry Posner III
- Chairman | RDC
www.rrdc.com
- NUTC Sandhouse Rail Group
- April 19, 2022



RDC

OVERVIEW

CURRENT EVENTS

- RDC Group, Germany
- Ukraine: UZ

PERSPECTIVE

- Estonia: EVR (re: Governance)
- Mozambique: Nacala Corridor (re: Aid Industry)

REBUILDING UKRAINE

- Aid Industry
- Governance

Q&A



RDC

- **Family-owned** railway investment & management company, Pittsburgh, PA
- “**Partner of Choice**” in railways and rail-related businesses
- **Philosophy:**
Safety > Quality > Growth > Profitability
- *Goal: Most Respected in our markets*

F.C. CENTRALANDINO S.A.



RDC



BAHN
TOURISTIK
EXPRESS **BTE**



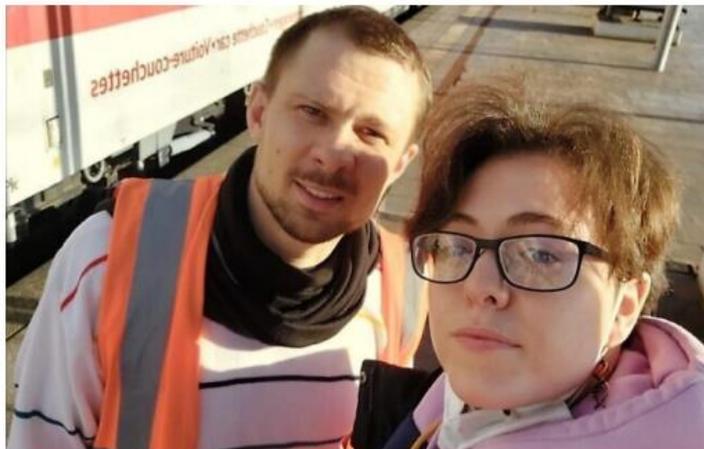
vivarail





RDC GROUP, GERMANY – REFUGEE TRAINS ON 4 DAYS' NOTICE

- Operator of Charter Trains...
- ...Own Rolling Stock, Crews...
- ...on DB Netz, Other
- Impossible in the USA!



Alex Kovtun and Dina Poktya stand on the platform. Photo courtesy of Alex Kovtun



RDC GROUP, GERMANY – REFUGEE TRAINS

- 2 days' notice: Translators from Geiger College



RDC GROUP, GERMANY – REFUGEE TRAINS

BACK STORY

- Opportunity to Serve created by COVID
 - End of charter business
 - End of Flix relationship
- USA equivalent = Amtrak charter business (closed)

Станом на 31.03.2022



UKRAINE - UZ OPERATIONS IN WAR TIME – Courage, Communication



UKRAINE - UZ TRAVELS IN UKRAINE, PART 1

- 1999 Zhmerinka,
Vinnitsa





UKRAINE - UZ TRAVELS IN UKRAINE, PART 1

- 2000 Crimea --
World's Only Police
Escort of Trolleybus!



UKRAINE - UZ TRAVELS IN UKRAINE, PART 2

- 2008 Steam Tour



UKRAINE - UZ TRAVELS IN UKRAINE, PART 2

- 2013 Crimea





UKRAINE - UZ SOVIET LEGACY, PART 1

- Resilience, Redundancy
 - Infrastructure
- Standardization
 - (which photos are actually Estonia???)*
 - Locos
 - Signaling

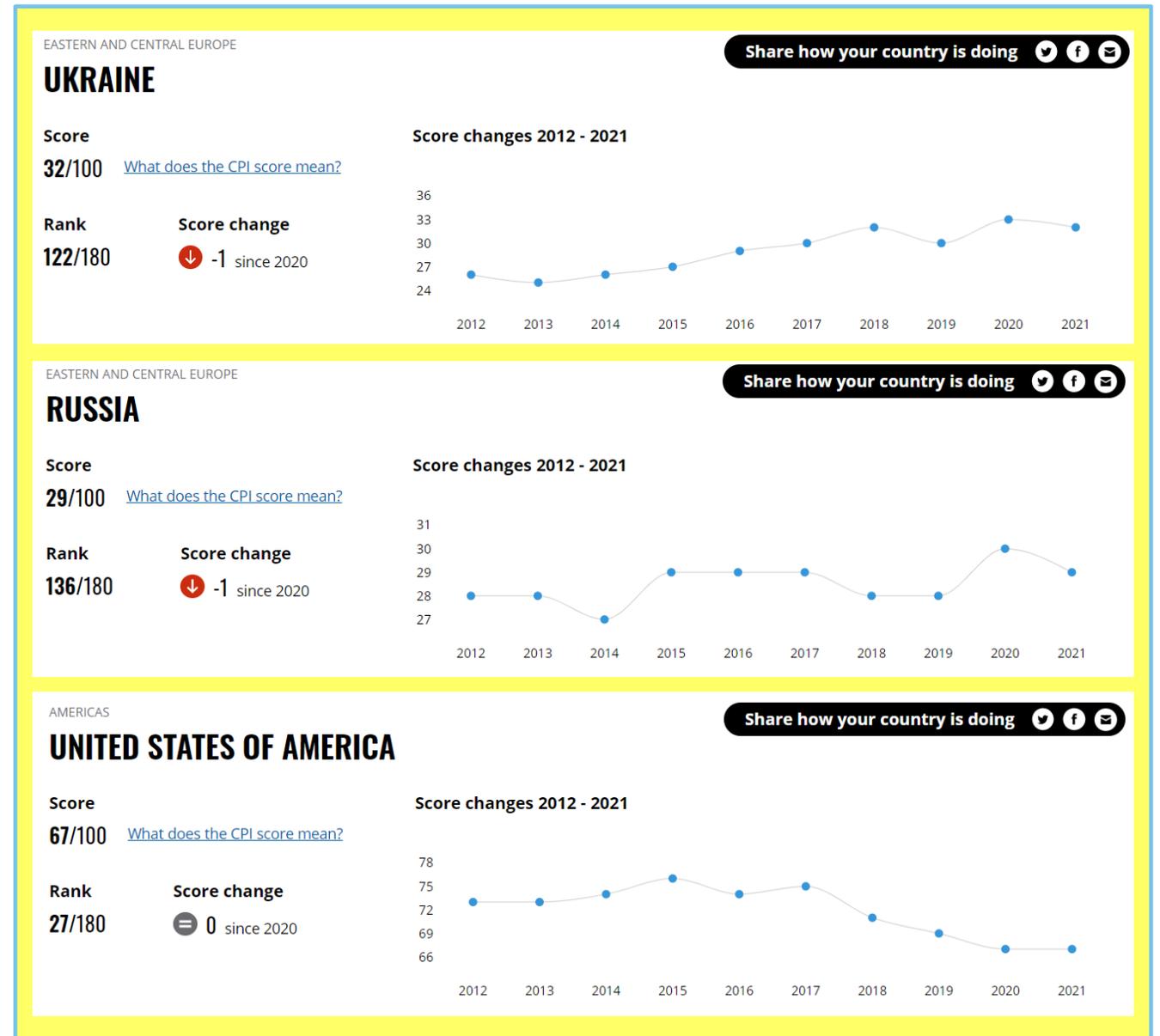
UKRAINE - UZ

SOVIET LEGACY, PART 2

CORRUPTION

■ Corruption Index vs. Russia

Source:
<https://www.transparency.org/en/cpi/2021/>



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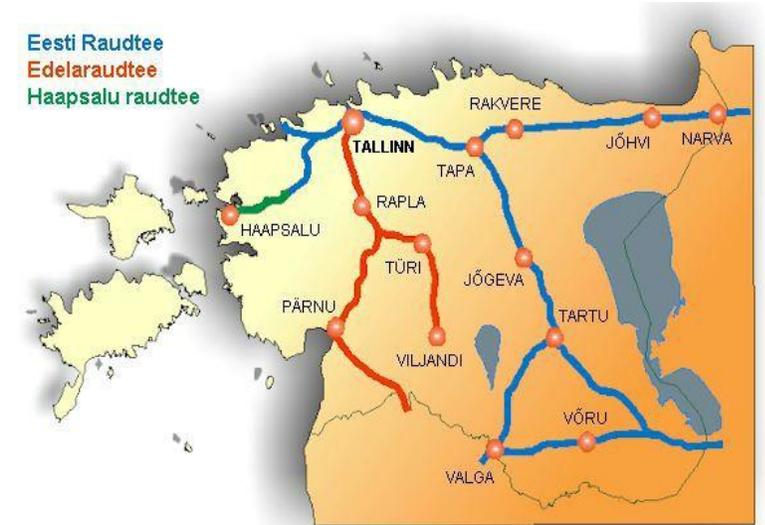
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REBUILDING UKRAINE

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Q&A

- Shareholders:
66% BRS
34% Govt.
- BRS: Rail World, RDC,
Ganiger, EEIF
- Locomotives



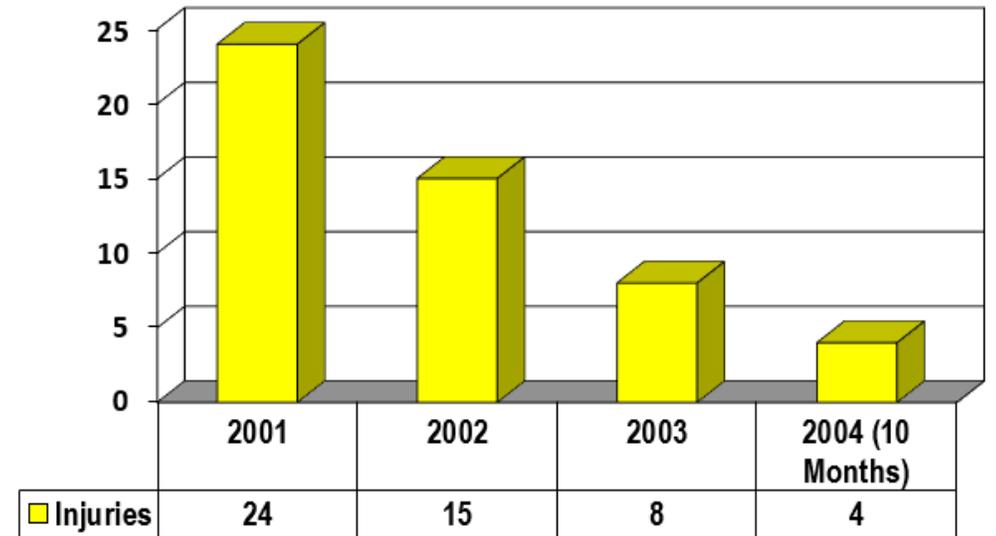
ESTONIA - EVR
Only Ex-Soviet Rail Privatization

BACKGROUND, PART 1

Eesti Raudtee: Volume of Business



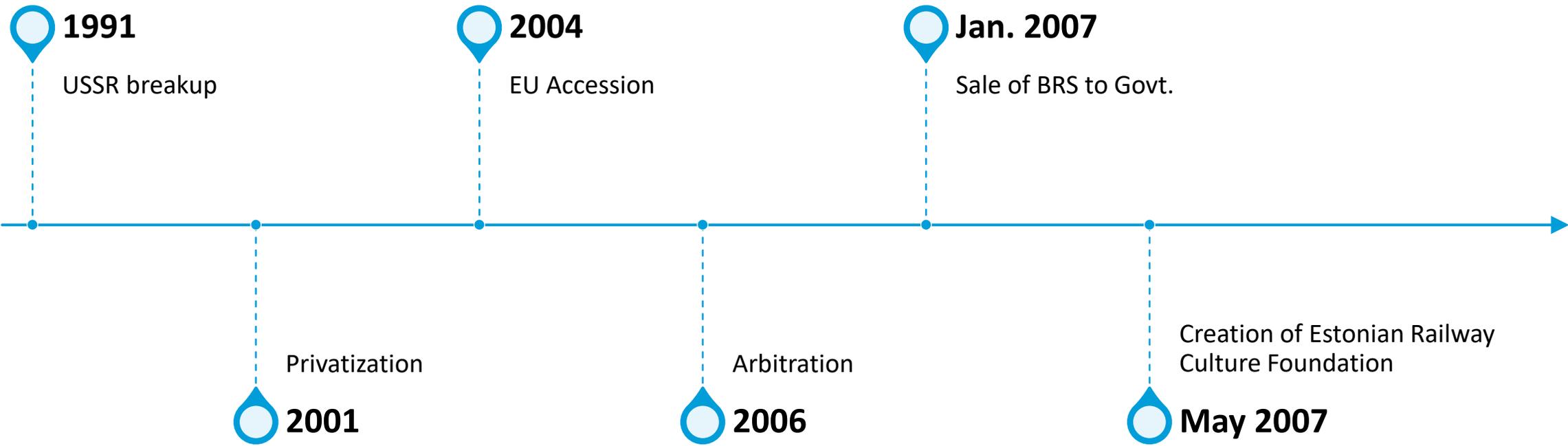
Estonia – Safety Results



ESTONIA - EVR
 Only Ex-Soviet Rail Privatization

BACKGROUND, PART 2

TIMELINE FOR BRS INVESTMENT & SALE



ESTONIA - EVR
Only Ex-Soviet Rail Privatization

ESTONIA - EVR

Only Ex-Soviet Rail Privatization

BACK STORY

2004 = EU Accession



Wealth + Regulation = Corruption



Jan. 2007 = Sale of BRS



May 2007 = "Monopoly" loses 50% of traffic

THE CENTER PARTY'S VIEW OF RE-NATIONALIZATION

“We bought the
railway back!”



THE PRESS VIEW OF RE-NATIONALIZATION

“We’ve brought the
ESSR back!”



RDC CAPTION
CONTEST – ENTRY #1

“Are you sure that
Posner’s ‘never coming
back’? There was a guy
with a bowtie in the cab
of that locomotive back
at the station.”



RDC CAPTION
CONTEST – ENTRY #2

Preoccupied with putting flags on the locomotive, Edgar and his comrades forgot a basic safety rule: “leave the handbrake ON”.



RDC CAPTION CONTEST – ENTRY #3

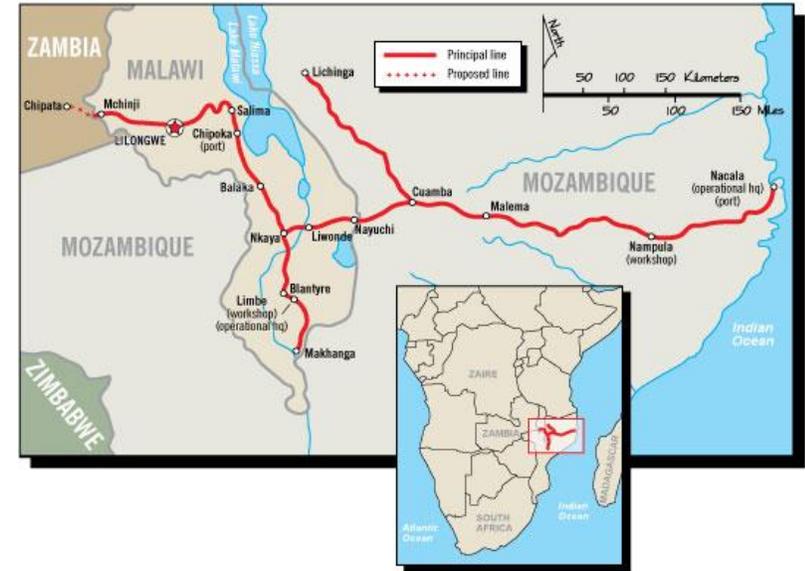
Overconfident in their knowledge of railway safety rules, Edgar and his comrades confused the “Blue Flag” rule with the Estonian flag.



RDC CAPTION
CONTEST – ENTRY #4

Tragically, Edgar and his comrades learned too late the reason why railway workers wear high-visibility clothing.





MOZAMBIQUE: NACALA CORRIDOR

RDC Role

- Shareholder
- Operator



MOZAMBIQUE: NACALA CORRIDOR

Role of Aid Industry

- USAID
- *Lords of Poverty*

Role of Multilaterals

- World Bank
- OPIC
- USSR





MOZAMBIQUE: NACALA CORRIDOR

“Roster Shots of Shame”

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REBUILDING UKRAINE

GOVERNANCE

■ Kiev Post 2014

AID INDUSTRY

■ *Lords of Poverty*

KyivPost

INDEPENDENCE COMMUNITY TRUST

Benefits to freight shippers and passengers are priority in planning Ukrzaliznytsya's future

Dec. 12, 2014, 11:13 a.m. | Op-ed — by Henry Posner III

As a railway investor and manager with experience in a diverse range of countries, I have been asked to comment on the prospects for privatization of Ukrzaliznytsya (UZ) for the Kyiv Post. I am happy to do so based on personal experience in Ukraine since 1999, and particularly because of the importance



of the subject to the country in these times of stress. I offer the following advice recognizing Ukraine's unique circumstances but with the additional caveat that this advice is more or less the same that I would give to most countries:

1. Recognize the unique contribution of railways to the national economy, which are much greater than any cash proceeds likely to be realized from the sale of the company. This is not to say that the railway should not be privatized, but rather that the economic benefits to freight shippers and passengers are substantially higher than, for example, the likely sale price of UZ as a company.
2. Recognize the strategic value of railways, which even if unused serve as an alternative to road and other forms of transportation. In a time of rapidly shifting markets, today's under-utilized railway may become a strategic corridor in the future. This has been demonstrated in both post-Soviet rail history and the North American experience, where railways that were once abandoned are now quite healthy (our own Iowa Interstate Railroad being an example) and others are handling traffic that was never contemplated as recently as 5 years ago (for example, oil traffic originating in the state of North Dakota).
3. Recognize that railways are "worth more dead than alive" and that because of the value of urban land and the scrap value of track, an economically rational investor would be motivated to liquidate a railway company unless the deal was structured to focus on transportation as opposed to liquidation; this is not difficult to achieve as long as it is imbedded in the structure. Our own experience in Guatemala is a cautionary tale; in that case, an oligarch saw value in the real estate related to the railway and forced us out of business. The end result was the loss of the national railway, which was literally stolen in broad daylight, with even steel bridges disappearing.

LORDS of
POVERTY
— — — — —
the power,
prestige, and
corruption
of the inter-
national aid
business

GRAHAM HANCOCK

A MODEST PROPOSAL

-
- An equivalent of China's **“Belt & Road”** initiative...
 - A USA **“Belt and Suspenders”** initiative, based on...
 - *Aid + Governance*
 - **слава Україні!**

**Center for Railway
Photography & Art**

Geiger College

Flixbus

THANK YOU!



Q&A