

MARS 2024 Summer Meeting

July 9, 2024



LOGISTICS

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About KBX Logistics

A KOCH COMPANY

As a subsidiary of Koch Industries, KBX serves the growing demand for supply chain efficiency across broad logistics markets. We are committed to delivering advantaged and scalable solutions for our customers that create superior value and mutual benefit. We strive to create competitive advantages for our customers through our leveraged scale, access to developing technology disruptors, and reducing the complexity of supply chains.

AT A GLANCE

- 223,000+ annual rail loads
- 19,000+ assets managed
- 5 industrial short lines
- 210,000+ annual TEU shipments
- 30,000+ tons annual breakbulk
- Air and project cargo worldwide
- 2.5MM+ annual over the road shipments
- Proprietary TMS for all transportation modes, globally

Will 2024 Be a Shipper's Year?

Average Train Speed

↑ 4.9% - 23.8 MPH

Generally trending at
4-year highs

Average Terminal dwell

↔ 1% - 22.9 hrs

Vs. 25.5 in 2022

Average cars in revenue service
that have not moved in >48 hrs

↓ 7.7% - 24k

2.4% of cars on line

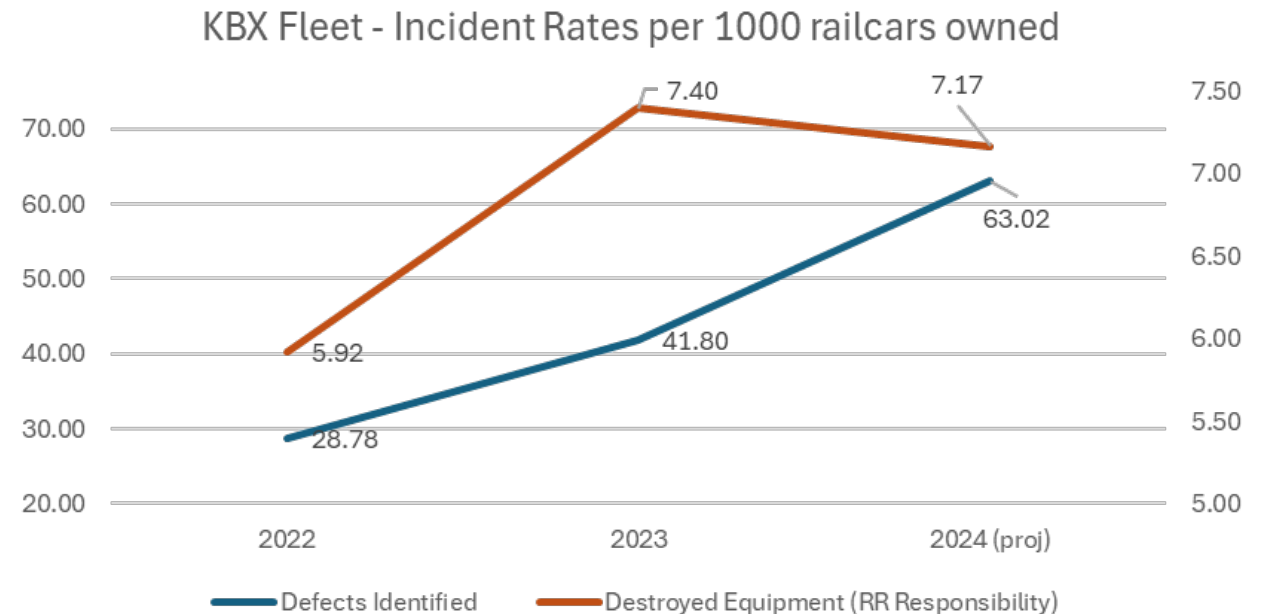
Vs. 41k in 2022

Source: STB Rail Service Data EP770

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Maybe Not for Our Railcars

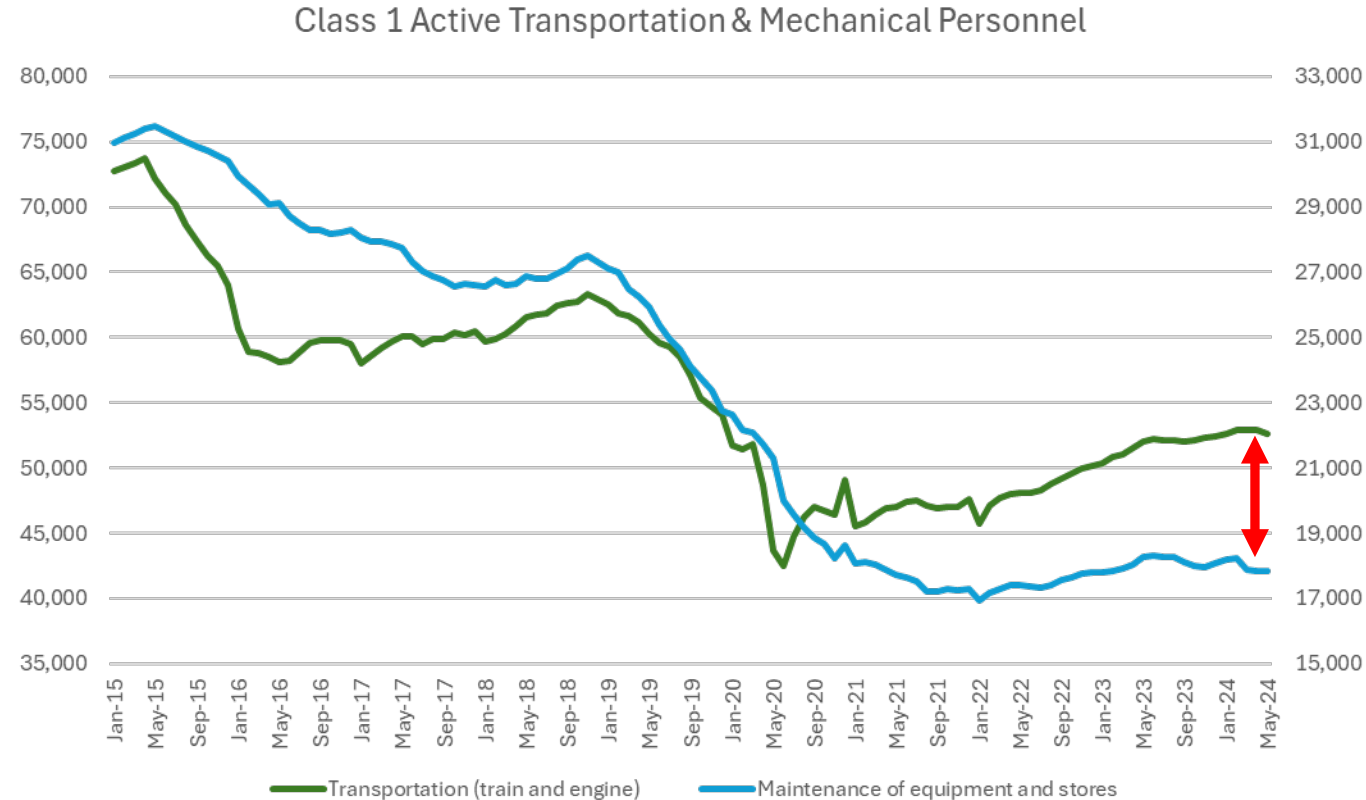
- Handling line incident rates have sharply increased since 2022
- Advancements in detectors and visual inspection tech find more defective equipment but generate false positives.
- Less “point of detection” resolution
- More external focus on asset health as “the problem”



Source: Railinc DDCT

What's the root cause?

An Issue of Quantity and Quality



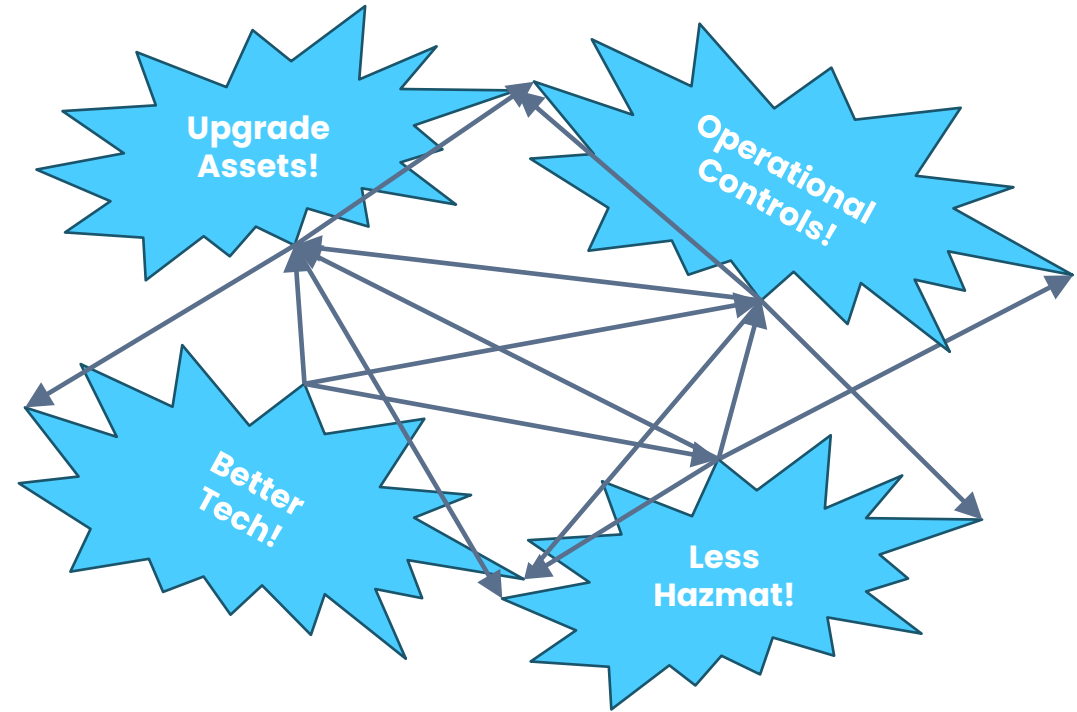
- Railroads attest that Train & Engine staffing issues are behind them.
- What about quality – seasoned veterans replaced with new hires?
- Where's the recovery for mechanical personnel?

Missing Pieces

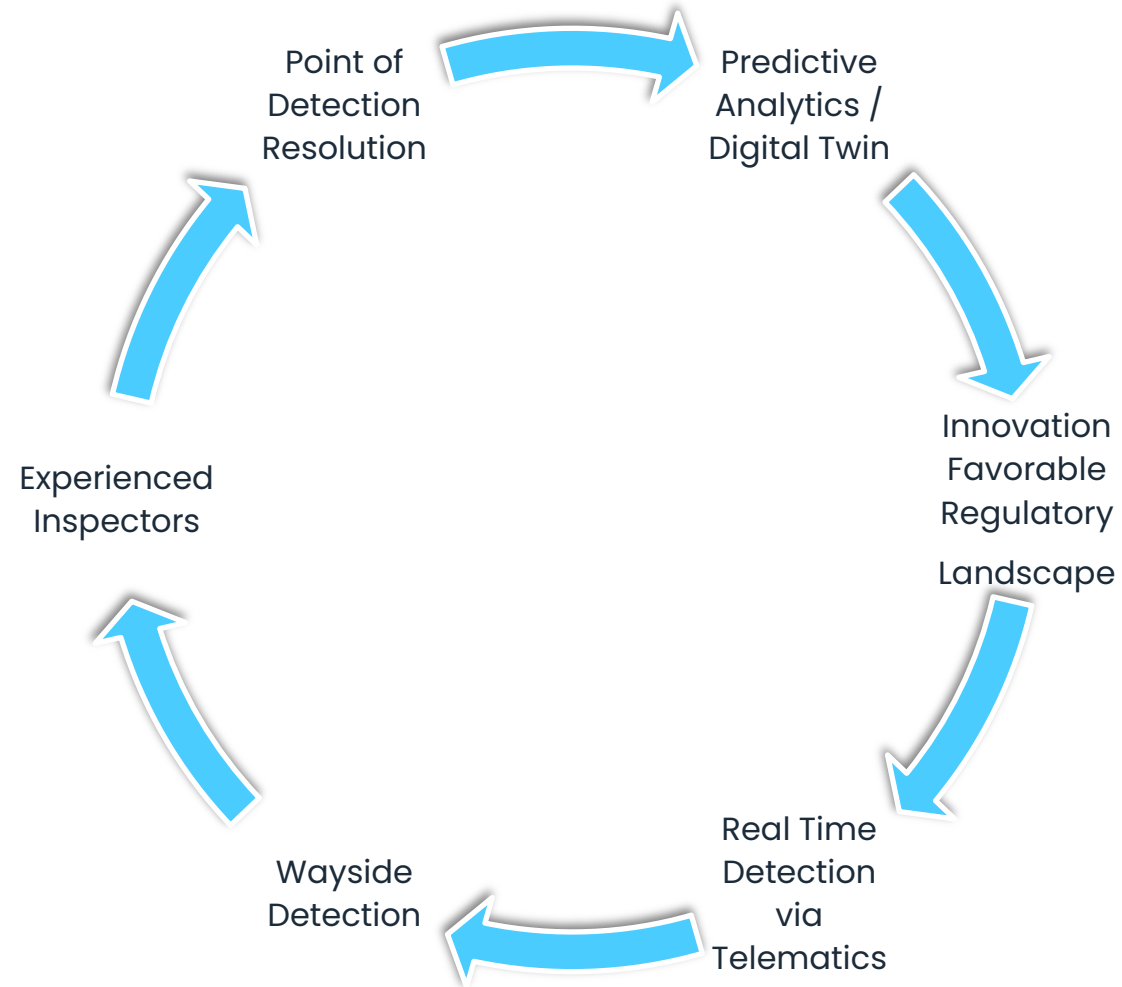
- What effect is a less experienced train and engine workforce having on the North American Fleet?
 - More overspeed couplings in flat switching
 - Sub-optimal train makeup
- “There is a point in every contest when sitting on the sidelines is not an option” – Dean Smith
 - Wayside detection is not enough
 - Increased regulations are not recipe for innovation
- Finding a defect is good, then what?
 - Field repairs are a must, car mechanics are essential

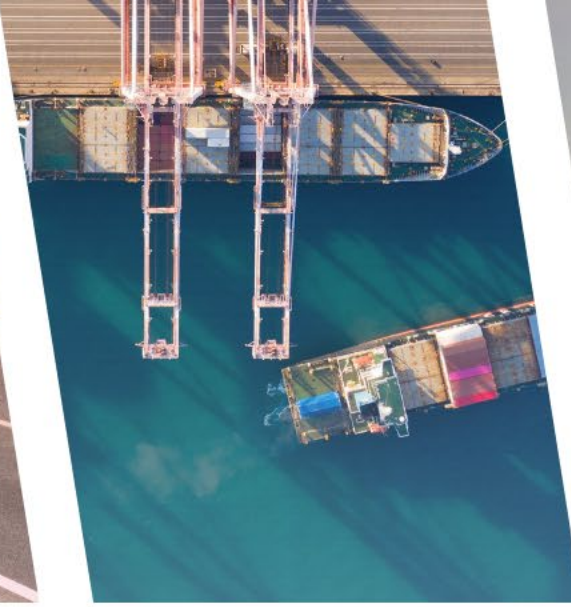
Where Does This Lead?

- Adding armor means less product when Gross Rail Load weights are static
- Slowing down the network to make crashes less impactful – seriously?
- Better tech developed in a silo is cost prohibitive
- Speed to market (or lack thereof) pushes the most creative innovators elsewhere



An Ecosystem is Required





Thank You!



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