



***Železnice opravovne a strojárne Zvolen a.s., (ZOS Zvolen)*** has long history dating back 140 years and is today one of the Slovakia's most significant rail company focused on the maintenance and modernisation of locomotives and railcars.



**T**he company's history begins in 1872 at the beginning of Slovakia's rail industry, where it undertook the construction of the country's first locomotive powered railway lines and depots.

During this time it operated as part of The Rail Company of the Slovak Republic, however during 1994 ZOS Zvolen reached one of its most important milestones when it split from Slovakia's state rail company to become a joint-stock venture. The repair manufactory Zvolen owned the company until 2008 when Zvolen became part of the ZOS Trnava Group, which is when the ZOS Zvolen brand was born.

The development of ZOS Zvolen is closely linked to the shifting political situation in the region and its impact

on the railway sector throughout the early 1990s. After the end of communist rule in Czechoslovakia at the end of 1989 and the dissolution of the country into the two individual states of the Czech Republic and the Slovak Republic (Slovakia) in 1992, major reforms to how the rail industry was operated throughout Slovakia brought a significant shift in the market. Therefore, ZOS Zvolen adapted its services to best serve the new state's rail needs as sales director, Vladimír Kaeuk explains: "Up until the beginning of the 1990s the main focus of the company was maintenance, mainly on locomotives and we were entirely focused on the market in Slovakia. At that time the state railway company ran the network and we provided services for all of the locomotives in the country. Then the beginning of the transformation process started and a lot of changes came to the market and therefore a lot of challenges for the market players. At that time we decided that the maintenance business would not be large enough to support the company and would not provide enough of a base to develop the company in the future.

"We then began refurbishment and development services," Vladimír continues. "Many of the operated locomotives were produced 30 to 40 years ago and the rail companies did not have enough finance to purchase brand new machines, so there was a compromise of modernization of the locomotives. In our region, ZOS Zvolen was able to totally rebuild locomotives. This means that the newly refurbished locomotive retains the original frame, but all of the other fittings and devices are totally new."

Today, ZOS Zvolen is focused on three main areas that form the basis of its wider market strategy. The company retains its traditional market in maintenance, which remains steady within the domestic market and continues to manage a series of modernization projects

for rail networks internationally. The company has two distinct divisions that offer targeted solutions based on the customer's needs. LOKO focuses on repair and maintenance operations, while the MP (machinery production) division takes on production, welding and renovations. These divisions supply detailed services including the replacement of engines, regular V25-regulated vehicle examinations, welded structures for railway vehicles and the supply of components to domestic and foreign customers in the field of production and repair of railway vehicles. The company's third branch is focused on the supply of components to the main operators throughout the railways industry, including ALSTOM, STADLER, Bombardier and ŠKODA Transportation.

Domestically, ZOS Zvolen is connected to the most dominant partners within Slovakia's rail industry: ZSSK Cargo and ZSSK Slovakia. This local business remains a vital component within the company's overall portfolio and provides the base from which it is able to expand into further markets within the EU and Asia. It maintains close relations to operators within nations close to Slovakia including the Czech Republic, Poland, Hungary, Ukraine and Austria as well as former Balkan states including Serbia. Currently it is engaged in a major contract in the Ukraine where it will soon service up to 300 locomotives over the next five to six years and is in negotiation for a further large contract in Russia.

The company is also active within Asian markets, which yield the potential for greater market presence in the future, as Vladimir elaborates: "We are beginning to enter wider markets throughout the world including Asia, which is a different market for us and can be challenging taking into account different engineering practices and language barriers. However, we have had some interesting work for clients in Asia in countries like Pakistan and India. These have been successful but we are still making a decision over whether we will fully enter the region."

Commenting on the company's possible future strategy in Asia Vladimir continues: "I think the most acceptable business model will be to co-operate with local companies, with which we can provide technical engineering, design and technical support, training of staff and the main elements for the refurbishment & modernization of their locomotives. This could be very successful and is a model that has been proven in Eastern Europe. This gives us an advantage because very often, local customers do not like all-in-one solutions because they like some level of localization. This is something we can do that larger players cannot. We are able to understand the customer's requirements and build them into the customer's project."

The financial crisis has put a strain on rail operators and in turn weakened the maintenance market, but ZOS Zvolen is a dynamic company ready to meet the challenge as Vladimir concludes: "The financial crisis

has caused the value of transport services and the maintenance market to decrease year-on-year. On the other hand, the modernization market continues to grow and our third field of manufacturing new components in co-operation with other operators is also growing, so we are very optimistic." ■■



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