



## The Association of European Vehicle Logistics

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### PRESS RELEASE

#### SOARING COSTS HAMMER EUROPE'S LSPS

##### Low confidence on volumes holds back investment, ECG survey finds

##### Baldissara and Göbel re-elected as President and Vice-President of ECG

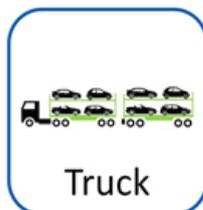
Europe's logistics services providers remain deeply concerned about prospects for the business going forward as costs continue to surge and confidence on future rates and volumes remains weak.

According to ECG's latest quarterly Confidence and Cost Trend Survey, covering the first quarter of 2012, fully 36% of the membership are pessimistic about prospects for the next six months. This is close to the highest level recorded over the last two years and more than double the percentage of members who describe themselves as optimistic.

Commenting on the survey, ECG president Costantino Baldissara described it as "an accurate reflection of the concerns of our members at a critical time for the automotive sector, and for the European economy as a whole. As ever, our members have the courage and entrepreneurial spirit to invest, but a combination of rising costs and uncertainty over rates and volumes are acting as a powerful brake on their ambitions in these troubled times.

"This scenario only reinforces the need for ever-closer cooperation to improve efficiency across the automotive industry," he continued, "as well as for targeted policy measures that might assist the recovery, such as scrapping incentives for older cars and trucks."

The sector's downbeat outlook is partly attributable to sharp increases in such key cost areas as fuel and financing, fleet maintenance and repair, and equipment replacement. Other cost factors, from insurance to tyres to tolls, had also risen year-on-year for sizeable percentages of the membership.



Some 62% reported an increase in their financing costs and just 4% a drop over the last year, for instance, while fully 66% had registered fuel price increases in excess of 10% over the same period..

Despite the grave difficulties facing the automotive sector, and the wider European economy, ECG's membership continue to invest in an effort to remain competitive, and in the conviction that it will put them in a position to respond when a recovery, eventually, comes.

Over the next six months, 52% of the membership said they would invest in trucks and 61% in drivers. This last is the highest level for two years, understandably so with half of respondents reporting a driver shortage. In addition, 30% or more of respondents will put funding into storage operators, technical and administrative staff, and technical workshops.

Happily, financing remains available to the sector, though it is becoming more difficult to secure. Some 27% of respondents said financing was easy to come by, down substantially on the peak of 45% registered in the third quarter of 2010: at the same time, the percentage saying that, while still available, financing was difficult to access, hit a record high of 61%..

Confidence about obtaining viable rates has also plunged, with 60% responding that this would likely restrict investments compared with around 15% two years ago. Roughly 60% of respondents also cited lack of confidence in future volumes as a reason not to invest, a number that has been steady for several quarters, while 27% said an absence of long-term contracts would also hold them back.

The survey's results were discussed in depth at ECG's annual General Assembly and Spring Congress, which took place this week aboard the DFDS ferry Pearl Seaways as it made its way from Oslo to Copenhagen. Also at the event, Baldissara and ECG vice president Wolfgang Goebel were re-elected unanimously to new two-year terms, and other members standing for election to the board were voted in for the coming year.

In his speech to a 150-strong audience that included Danish MEPs Anna Rosbach and Anne Jensen, as well as Magda Kopczynska of the European Commission's DG MOVE, Baldissara noted that this is a precarious time for the industry in Europe, with new car registrations tumbling 7% in the first quarter of this year, and registrations in France and Italy, in particular, plunging by more than 20%. Unlike the car manufacturers, he said, the vehicle logistics sector cannot offset falling demand in Europe with sales in more buoyant overseas markets. It is particularly vulnerable to a European downturn.

In 2010, the latest year for which figures are available, ECG's members generated combined turnover of around €21bn, roughly €3bn more than in 2009. EBITDA, EBIT and net profit all showed growth over the period. At the same time, with costs surging at a faster pace than turnover, profit margins slipped from 3.1% to a distinctly anaemic 2.9%. If one excludes members with an annual turnover in excess of €1.9bn, however, the average profit margin in 2010 falls to just 2%. "This does not mean simply that our companies' profits are disappearing," Baldissara said. "It also spells danger for European growth and European jobs.

Elected to the ECG board for a one-year term were: Marcos Duato of Spain's Flota Suardiaz; Mats Eriksson of AB Skandiatransport in Sweden; Jean-Michel Floret of French operator Groupe STVA; Omer Gursoy of Turkey's Me-Par; Frank Lehner of BLG Automobile Logistics in

For further information please contact:  
Mr Mike Sturgeon, Executive Director of ECG  
Tel: + 32 2 706 8280  
Email: [info@ecgassociation.eu](mailto:info@ecgassociation.eu)  
Website: [www.ecgassociation.eu](http://www.ecgassociation.eu)

Germany; Ray MacDowall of ECM in the UK; Marek Nowicki of Poland's P.W. Wega; Antoine Redier of Gefco in France; Kirill Petrunkin of Russian provider FTC Autotechnoimport; Bjorn O. Gran Svenningsen of Norway's UECC; Roberto Volpato of Eliambrosetti in Italy and Konrad Zwirner of Austria's Hoedlmayr International.

**Background for the Editors**

ECG, the Association of European Vehicle Logistics, has been the voice of the Finished Vehicle Logistics industry in Europe since 1997. ECG represents the interests of almost 100 member companies, from family owned SMEs to multi-nationals, and is the major champion of the European vehicle logistics sector. We represent all transport modes at EU level.

ECG Members provide transport, distribution, storage, preparation and post-production services to manufacturers, importers, car rental companies and vehicle leasing operators in 25 Member States, Turkey and Russia. They own or operate more than 373 car-carrying ships, 13,000 purpose built railway wagons, 22 river barges and 17,600 road transporters. As a major employer, the industry plays an important role in contributing to the economic success of the European Union. Today, ECG members have an aggregate turnover of €16.2 billion and their economic impact on companies associated with the sector is estimated at €34 billion. More than 64,700 people are employed directly by the vehicle logistics industry and an additional 160,000 are indirectly employed in this sector.

