



## CEO Message

Welcome to the latest issue of Freight Connections.

It's been a challenging year with political uncertainty and adverse market conditions affecting the global economy. Yet, even with tougher competition and these major challenges in the market place, we at DHL Freight have continued to strive ahead and accelerate our processes and strengths through new tools, products and services.

One particular success story in our journey this year has been our DHL EURAPID service which was launched in September 2013. As we celebrate the first anniversary, its geographical reach has almost doubled and our customers are now even more connected than ever to key European economic markets. As a result, our customers' positive feedback on DHL Freight's high levels of shipment visibility, focus and proactive reporting with this new service has increased significantly.

DHL Freight is also proud to announce the opening of a new road freight facility in Taulov, Denmark, which will help us increase our operations and deliveries across the majority of Western Denmark. Taulov is one of the leading growth areas in the country and we will continue to serve our customers in the Energy,

Engineering & Manufacturing, Life Science & Healthcare and Technology sectors.

Our country focus segment in this issue is the UK and you can read all about what services our 900-strong team provides for our customers in a number of key sectors. These include Automotive, Chemicals, Engineering & Manufacturing, Life Sciences & Healthcare, and Retail.

In keeping with our customer-centric vision, and to ensure that we maintain our position as the number one provider of choice, we are continuing to invest more resources in customer service training. At DHL Freight, we realize the importance of how we stand with our customers. We work hard to create a positive experience for our customers and strive to provide a number of attributes be it operational excellence and quality, competitive pricing or sustainability. Recognizing that our service quality is one of our main business enablers; and a key differentiator for us today, and in the future, we have a strong focus on our Customer Experience Management program. I look forward to sharing more with you in our next issue.

We also launched our second year of Customer First Awards which recognize employees who have engaged in successful First Choice Process Excellence activities with their customers. Customer collaboration is very much a feature of these awards with customers being awarded partnership trophies.

As in every issue, we have included market updates and freight news to help you keep abreast of the interesting topics of the industry.

As we enter the last quarter of the year, I hope DHL Freight Connections continues to add value to you – I would like to invite you to participate in our survey to ensure that DHL Freight Connections maintains relevance with you and your business.

**We look forward to receiving your feedback.**

**Amadou Diallo**  
CEO, DHL Freight

## Happy Birthday DHL EURAPID!

### DHL Freight reviews the A+ report card of their rapidly expanding high quality DHL EURAPID service

When DHL EURAPID service marked its first birthday on 01 September 2014, its geographical reach had almost doubled from the time when Amadou Diallo, CEO DHL Freight, launched it at the 2013 Formula 1 Shell Belgian Grand Prix. And what an amazing 12 months it has been with a number of exciting enhancements added to this unique product that has proven to be a market winner!

The objective of DHL EURAPID was to connect customers with key European economic markets through highly reliable and direct frequency, transport and lead times. Initially, there were 25 terminals covering these main business centers of Europe, which expanded to 41 by May 2014. In November this year another nine terminals will be added and, with that total of 50, DHL Freight will have 80% of its European groupage requirements covered. This will rise to 100% in 2015.

But this new product is not only about a high quality and extensive network; DHL Freight implemented a dedicated customer service which provides pro-active communication and exception handling for the customer and ensures that DHL EURAPID shipments are always handled with high priority.

The Milan terminal in Italy has been part of the network right from the start and is therefore qualified to share some insights about the year-old DHL EURAPID and the metamorphosis the terminal has experienced.

Summertime in Italy meant that most companies reduce their production or even shut down completely – as of this year not so at DHL Freight Italy. The Milan terminal in its new role as the Italy hub, keeps busy during vacation time and enables all remaining Italian terminals to consolidate their groupage transports for the rest of Europe. Customers' esteem for DHL Freight's 100% hands-on presence can be proven by the 17% increase in export volumes compared to the year before. Given the fact that Italy is suffering from an economic recession, this development is even more gratifying.

But to be fair, changes never come without some pain. The Milan terminal went through a paradigm shift, manifesting that a network business like DHL EURAPID needs a complete different mindset than the classical forwarding concept. With the implementation of DHL EURAPID, punctual departure times became the highest priority to guarantee agreed arrival times and fixed lead times – even if the truck's capacity is not fully occupied. "In this centrally steered network all elements knit together in order to deliver a reliable product", says Wim Saenen, Vice President Terminal Based Operations at DHL Freight. Besides creating new operational processes, the Milan team have defined new reporting standards and investigated the pool of hauliers they were working with.

The improvements in the terminal have been extraordinary but Wim Saenen also highlights that the performance in all 41 DHL EURAPID terminals has improved. "As a result of the new setup, the average lead times between the relevant terminals has been reduced by 14%", says Wim.

Customers' positive feedback on DHL Freight's high levels of shipment visibility, focus and proactive reporting has increased significantly. DHL Freight has been able to invest in service improvements where its customers most need it. It looks forward to further increasing all levels of DHL EURAPID, aiming for full European coverage by its second birthday.

#### DHL EURAPID at glance

##### Door-to-door, day-definite delivery service for general cargo both palletized and non-palletized.

- ▶ Maximum chargeable weight per shipment: 2,500 kg
- ▶ Maximum dimensions per item: 240 cm x 120 cm x 220 cm
- ▶ Maximum weight per item: 1,500 kg

##### Features included

- ▶ Committed daily departures and scheduled arrival days
- ▶ Daily pick-up service
- ▶ Prioritized handling
- ▶ Same-day pick-up at defined zip codes
- ▶ Dedicated customer service
- ▶ Booking confirmation and validation
- ▶ Proactive notification
- ▶ Same-day IOD delivery and 24h ePOD delivery
- ▶ Published lead time table
- ▶ Liability per CMR
- ▶ 3rd party billing (on request)
- ▶ Cross trade (on request)
- ▶ Tail-lift deliveries (optional)

##### Value-added features at a surcharge:

- ▶ Cargo insurance
- ▶ Hard-copy POD
- ▶ Customs clearance (applicable only to DAP)
- ▶ Import, Export and Transit formalities
- ▶ Dangerous goods excluding ADR classes 1, 6.2, 7
- ▶ Customized reports

## The UK Connection – Linking all four countries and the continent

DHL Freight's strong national network has leveraged upon the country's vast transport system to seamlessly deliver for its customers.

Rich in history, traditions and culture, the United Kingdom (UK) has long been an appealing destination for tourists who number in the millions each year. While tourism remains an important industry for the UK, it is also a significant market in which to do business; and remains a powerful influence in global economic, cultural, legal, military, scientific and political capacities.

DHL Freight has played to its strengths by taking advantage of the countries' transport network to deliver a number of domestic and international solutions for its customers of different industries. It is able to provide domestic and international freight forwarding – from LTL to FTL – using its own fleet of 180 vehicles. Servicing its customers through 13 terminals, of which four are European gateways, DHL Freight averages 23,000 domestic pallet movements per week.

“DHL Freight has complete coverage across the UK and Europe to cater for all our customers' requirements”, explains Neil Kinnear, Head of Business Development & Sales, DHL Freight UK. He adds, “We all operate under the DHL brand and, rather than use sub-contractors, have our own network of red and yellow vehicles which ensures the operational excellence and service consistency our customers have come to expect, no other company can match our solution offerings in this market.”

DHL Freight's transport capabilities cover a large number of sectors including automotive, chemicals, consumer, energy, engineering & manufacturing, life sciences & healthcare, retail and technology.

Depending on its customers' shipments and time dependency, there are a number of unique service offerings available from DHL Freight including UK domestic and international groupage services with unbeatable coverage to 50 countries within Europe, the CIS (Commonwealth of Independent States) and the Middle East. Collaborating strongly with its sister business units, DHL Freight UK ensures better service and operations. “We offer the whole package through our strong network, as well as end-to-end visibility through our track & trace systems”, says Neil.

**For customers who require palletized and non-palletized general cargo to be delivered within the UK and from the UK to Europe, the DHL Domestic and DHL EUROCONNECT services will offer:**

- ▶ Flexible, reliable and secure transport for palletized and loose freight shipments
- ▶ Domestic and international groupage services
- ▶ Regular and pre-defined departures
- ▶ Confirmed lead-times
- ▶ Shipment visibility through integrated Track and Trace systems
- ▶ ADR handling
- ▶ Customs clearance
- ▶ Additional insurance
- ▶ Extensive geographical coverage

If customers need to ship items directly as part and/or full load service, then DHL Freight recommends its DHL EUROLINE service. DHL Freight will transport those loads by road via a quality DHL Freight managed fleet across its pan-European network which covers more than 40 countries.

## Engineering & Manufacturing: A Diverse Portfolio

In the Engineering & Manufacturing sector, DHL Freight offers innovative and cost-efficient, fully integrated end-to-end services, as well as an unrivalled ability to support business expansion.

At DHL Freight, the Engineering & Manufacturing (E&M) sector has a broad portfolio of services and solutions covering the following sub-sectors:

- ▶ Aerospace & Aviation
- ▶ Construction Equipment
- ▶ Industrial Equipment
- ▶ Non-Energy Mining

In a sector such as E&M with a wide range of requirements for transports of different sizes – it comes from single-pallets to extra-large transports – DHL Freight's services in the E&M sector cover all these shipment sizes.

For the “normal” type of shipments DHL Freight's core products, which include full-truckload (FTL), part-truckload (PTL) and less-than-truckload (LTL) transports are being used by the customers. In addition, dedicated supply chain management is available on request.

The newest addition to the overall DHL Freight as well as the E&M portfolio is DHL INTERMODAL to/from China – a special rail service for shipments between China and Europe, facilitated by a multinational team. Departing from and arriving in Poland on the European side, the year-round service creates a two-way overland freight connection between Europe and China's key markets, including Beijing, Shanghai, Chengdu and Tianjin.

DHL Freight's Aerospace & Aviation services include inbound-to-manufacturing logistics, with innovative transports from suppliers to sub-assembly lines and final assembly lines, as well as deliveries to airlines and airfreight trucking.

In the Construction Equipment category, it facilitates the transport of bulky machinery and fixtures. This includes logistics for major building projects, with shipments such as prefabricated concrete elements.

In the Industrial Equipment sub-sector, DHL Freight handles inbound-to-manufacturing for heavy equipment companies and mechanical engineering companies. Large equipment such as dump trucks and excavators can be transported securely using dedicated jumbo trailers.

For Non-Energy Mining customers, logistics is available for various types of metals, including iron and copper. DHL Freight delivers to and from remote mining sites, offering customers tailored solutions to ensure smooth operations.

Customers are invited to learn more about the competencies offered in this sector by attending DHL's Global Engineering & Manufacturing Conference 2014. Scheduled to take place on October 8 and 9 in Chicago, it will provide a platform for exchanging ideas on opportunities related to cost optimization, process efficiency, new sources of growth, the developing markets and business model innovation. You can register for the event here.

### Special transports

**For oversized and very heavy cargo, such as bulky construction and aerospace equipment, there is a portfolio of dedicated solutions. The service package includes cargo insurance, permits from authorities, follow cars and police escorts if necessary. For the transport itself, a wide range of adjustable trailers is available, as well as project shipping, loading and unloading services.**

“Our expertise comes down to sector knowledge,” says Gio Theunissen, Head of the Engineering & Manufacturing sector at DHL Freight. “Our account managers try to put themselves in our customers' shoes by listening and asking questions. In this way, they can get a better understanding of their customer needs and respond to these needs with flexible and individual solutions. We make sure to invest enough time and resources to give the customers exactly what they want.”

---

To find out how DHL Freight can serve your transport needs in the E&M sector, please contact [Gio Theunissen](#), Global Sector Head Engineering & Manufacturing.



To learn more about how DHL Freight can support you with your special transports please contact [Markus Köpsel](#), Global Sector Head Energy & Business Development Specialties.

---

## Championing Operational Excellence

### Recognition highlights DHL Freight's commitment to First Choice Customers

While for First Choice Initiatives DHL usually recognizes employees who have engaged in successful initiatives, for the Customer First Awards the customers themselves are very much involved.

Judged by the DHL Freight Management Board, each nominated team must have played an important role in running one of these activities for an individual customer, and fulfilled other important selection criteria such as customer satisfaction, sustainability of improvements and methodology compliance.

Initiatives implemented in 2013 were evaluated and judged at the beginning of this year, and the 2013 Awards presented to the winning teams at the 2014 annual Freight Management Conference in Mainz near Frankfurt a.M. A Customers First Partnership Trophy was handed to each winning team which they, in turn, awarded their customers in appreciation for their involvement and close partnership.

Competition among the three outstanding teams vying for the top prize was stiff:

In third place came DHL Freight Belgium Euroline team led by First Choice Champion Jef Van de Weghe and Process Owner Roeland Hellemans, who streamlined transport and cost processes for a top player in the generic pharmaceutical market. The customer was experiencing a low load factor on pallets and higher load frequencies. The team increased load capacity through the use of double deck/stack trailers, which enabled higher volumes of pallets to be transported with less frequency. At loading sites, the team also worked to improve consolidation by combining orders where possible. To achieve this, the team set up a DHL Control Tower with a user-friendly order booking form. The customer was extremely satisfied with the outcome of 12% performance improvement, commenting, "I thank all of you for your dedication and for the very good results achieved again this year. The quality and the performance of your service are essential to us and we are very satisfied with the partnership developed with DHL. We will count on you to develop the satisfaction of our customers".

The team from DHL Freight Romania Bucharest took second place. They worked on a business case for one of its top customers in the Engineering & Manufacturing sector – a Fortune 500 customer who is a global provider of pressure control, processing, flow control and compression systems as well as project management and aftermarket services for the oil and gas and process industries – to improve their FTL pickup/delivery performance between their Russian and Romanian networks. First Choice Champion Sabina Isaceanu and Process Owner Mugur Stratulat led an initiative to resolve issues surrounding their carrier. Over a period of three months,

they successfully increased the size of their carrier pool, closely monitored performance and improved communication and sustainability with the customer's supplier to obtain loading schedules in advance and improve leadtimes by 24%.

DHL Freight France's team of First Choice Champion Claude Brigand and Process Owner Marta Balagué took out the top prize for their development of a number of solutions to improve on-time delivery performance and

DPDHL's First Choice program, derived from Six Sigma and LEAN, covering Mindset & Behavior, Performance Management, Organization & Skills and Processes, was kicked off in 2007. This global quality and service program, which examines DHL's businesses and processes systematically from its customers' perspective, helps DHL simplify its customers' lives, striving for continuous improvement.

shipment security for a leading French fashion retailer. The team identified the root causes of delivery and security issues – incorrect transport and customs documentation, bad packaging, poor labeling processes and insufficient security on site. These issues were then rectified by the team, who followed up on deliveries, reviewed labeling processes and, amongst other things, implemented a security plan. The new processes, which improved performance by 12%, drew positive comments from the customer, who said, "We continue to perform well on delivery, with no pilfering. We will strengthen our collaboration and look into the opportunity to give you back UK shipments in 2014".



To find out more about how DHL Freight's First Choice program can help you improve your business processes, please contact your local DHL Freight representative.

## Constructing a Partnership of Trust and Commitment

### DHL Freight collaborates with Volvo Construction Equipment to provide Europe-wide delivery and distribution

DHL Freight recently signed an exciting two plus one-year collaboration agreement with Volvo Construction Equipment (VCE), extending a business relationship that has been in place for 30 years. VCE, the world's oldest and largest manufacturer of construction machinery, started its operations in a machine shop in Eskilstuna, Sweden in 1832, and has grown into the world's leader in the manufacture of excavators, road development and compact equipment with over 150 product patents. It also has a strong presence on four continents, and a large dealer and rental store network distribution in more than 200 countries.

With such a wide reach, VCE needed a logistics provider to be able to efficiently transport large and bulky equipment within Europe. DHL Freight's team of experts, including Bernt Persson (Business Development Sales), Suljo Kurtagic (Business Manager), Vit Nehnevajsa (Head of LLP & Control Tower Solutions CEE), Crister Eriksson (BDS Special Transports) and Mirza Kurtagic (Head of Special Transports), worked tirelessly to develop a number of solutions for VCE. With a proven track record of high quality services, and competitive pricing as a result of utilizing efficient equipment and planning systems within the solutions, the team at DHL Freight clinched the deal.

The SEK 54 million agreement comprises equipment delivery and distribution from VCE's dedicated factories in Sweden's Arvika and Braås to its customers within the country as well as to Denmark and the Czech Republic. In addition, DHL Freight will transport export machines to Swedish ports, and manage the distribution of equipment within Sweden and Finland. It is a close collaboration between the two leaders in their respective industries, with traffic management conducted by a team of heavy transportation specialists from DHL Freight's offices in Torslanda and Västerås.

By working closely with existing hauliers, DHL Freight picks up a number of completed machines with their own trailer pool on a daily basis. They then transport the machines to VCE's customers in DHL Freight's specialized 23-piece, 18-meter, 4-axis jumbo trailers which have a maximum load of 36 tons. There are also two expansion-only jumbo trailers that have been fitted out with wheel pockets, ramps and a retractable roof.

The recent sign off on a new investment for five new trailers to help DHL Freight streamline its distribution network is an indication of the projected business development with VCE – expected volumes per year to be transported within Europe is set to total 6000 machines.



To learn more about how DHL Freight can support you with your special transports please contact **Markus Köpsel**, Global Sector Head Energy & Business Development Specialties.

For transport needs in the Automotive sector please get in touch with **Stefan Brunner**, Global Sector Head Automotive.

## Cementing a Concrete Partnership

### DHL Freight and Skanska continue to forge and grow business opportunities

When Skanska Stomsystem AB, one of the world's leading project development and construction groups, and DHL Freight signed a three-year 150 million Swedish Krona (EUR 17 million) deal back in 2011, it was the start of a fruitful and mutually beneficial partnership.

Wanting to engage a logistics operator with the capacity to transport large quantities of prefabricated concrete elements from their factories in Bollebygd and Strängnäs within Sweden, and the ability to manage the increasing number of shipments due to the company's rapid growth, Skanska approached DHL Freight. Till then, the market had been totally dominated by individual and allied truck centers.

Commented Skanska Stomsystem purchasing manager Joakim Gullmark at the time, "In order to handle this growth, it was of the utmost importance for our forwarder to be able to meet and secure the capacity requirements we are faced with. Our overall impression is that we will be a priority customer in DHL Freight's new segment, and that DHL Freight is the partner that best matches and meets Skanska's level of ambition."

First of all, DHL invested in 30 new trailers to satisfy Skanska's special transport needs. Some of the trailers had been specially designed so that the vehicle's driver could lower the truck to the ground, grip a pallet, and lift and deposit them inside the trailer with the help of a hydraulic system.

To date, the largest Skanska project, which DHL Freight Sweden has been involved with, has been the transportation of materials to facilitate the construction of Sweden's largest building – the New Karolinska Hospital (NKS). In 2013, DHL Freight Sweden delivered around 1,500 shipments specifically for the NKS construction. Last year also saw DHL Freight transport 5,500 just-in-time shipments for Skanska Frame Systems, of which 3,500 were from the factory in Strängnäs.

The success of these projects has been made all the more possible by DHL Freight's strong team of Special Transport Coordinators in Västerås and Torslanda – their cohesiveness and focus on proactively seeking solutions in the interest of the customer has been key.

DHL Freight's solid teamwork and transport capabilities in this sector, combined with its efficiency, reliability and customer service qualities have garnered high praise from Skanska. Erik Kyhlberg, Project Engineer at Skanska, says, "Our production team has stated that our supplies coming in from Strängnäs have been brilliant so far with the use of these special trailers. It's great to hear positive things in this partnership between Skanska and DHL Freight."



To learn more about how DHL Freight can support you with your special transports please contact [Markus Köpsel](#), Global Sector Head Energy & Business Development Specialties.

For transport needs in the Engineering & Manufacturing sector please get in touch with [Gio Theunissen](#), Global Sector Head Engineering & Manufacturing.

## Driving Accounting Efficiency and Sustainability

### DHL Freight leading in Paperless Billing across the Czech Republic

After an electronic billing pilot project was launched and tested in the Czech Republic in July last year, it became so successful that it was quickly implemented in other DHL Freight offices worldwide. The system archives invoices for up to 10 years, and customers can retrieve invoices online for up to one year. In addition, the DHL team has access for the entire archiving period and are able to provide copies when customers require them.

Initially seven customers trialed the system in the Czech Republic and all gave extremely positive feedback to DHL Freight. One customer who has been using the service since its rollout is OFFICIAL ELECTRONIC s.r.o., a leading electronics distributor based in the Czech Republic.

The company receives between 20 and 25 invoices per month from DHL Freight as pdf attachments via email. As a result of utilizing the eBilling portal to follow up on their invoices, their accounting and customs processes have sped up significantly as they no longer have to wait for any postal invoices. Next year will see OFFICIAL ELECTRONIC s.r.o. invest in a new accounting system that will allow them to download the invoices received from DHL Freight directly into the system.

According to Ms. Michaela Dufkova, Logistics Manager, OFFICIAL ELECTRONIC s.r.o. DHL Freight is their only supplier who provides this solution. "When DHL Freight's David Krupicka introduced us to eBilling, we jumped at the chance to adopt a system which drives efficiency and has many advantages for us", she explains, adding, "Not only is it reducing our impact on the environment, it is very straightforward and easy to use, and we are able to access all our invoice data and copies at the click of a button."

## Delivering Excellence: Serge Gregoir, Managing Director, DHL Freight UK

More than a decade ago Serge Gregoir started his career with DHL handling projects under DHL Belgium. Since then he has ascended the ranks – starting as a Business Systems Analyst, he previously held positions of IT & Product Applications Manager, Global Head of Control Tower & Solutions, before being appointed to the position of Managing Director for DHL Freight in the UK.

Since 2013, Serge has been a member of the Executives' Circle, where Belgium's top business leaders and intellectual elite share experiences and learn from best practices within an exclusive forum.

### Freight Connections speaks with Serge Gregoir

► **In your view, what is the biggest challenge your country (in general) faces?**

I have recently taken up the responsibility as Managing Director for DHL Freight UK. Our focus is two-fold – establishing an extremely customer-centric organization; in parallel aggressively growing the business.

Transforming an organization within a short timeframe, while maintaining and improving the service, are big challenges that require our people's utmost.

► **Why should customers work with DHL Freight? What competitive advantage does DHL Freight UK have over its competitors?**

Unlike many of our competitors who simply sell a product, DHL Freight UK sells solutions. Flexibility, ingenuity, with an entrepreneurial spirit and the willingness to fully understand the customer's requirements will always give our business the competitive advantage. This should always be our core Unique Selling Point, not simply a list of product definitions!

► **Heading up DHL Freight UK, what do you hope to achieve this year?**

A solid foundation to fuel the high double digit growth envisioned in 2015 and beyond. This foundation will consist of the best-in-class people, upgraded infrastructure, and a leadership style that inspires the organization to excel.

► **What was the most challenging task/decision you ever experienced in your working life?**

Turning around business involves a variety of decisions – some of them majorly impacting the design of an organization. While there is high level of satisfaction, navigating the organization through the actual process of change is often loaded with emotions.

► **If you could give only one piece of advice to your team, what would it be?**

Integrity... all the way down: Handle customers with respect and priority, take care of your team as if they were family, and be honest and trustworthy with all your business partners.

► **What is the best piece of advice you have received?**

Keep your feet on the ground but eyes on the horizon.

► **What is the most important object on your desk?**

I guess this won't surprise you... it is my mobile phone.

► **When you are out of the office, what is the best form of relaxation for you?**

Popping a bottle of bubbles with my wonderful wife while sitting on a lounge sofa at an idyllic beach. We love travelling together – either to the metropolitan cities of the world or to exotic hideaways.

## Freight Facility Facelift

### Brand New DHL Freight Terminal to Service Danish Trade Lanes

A recent consolidation of three cross dock facilities in Western Denmark to improve operational efficiencies has resulted in an important new road freight facility being built in Taulov.

DHL Freight currently operates a fleet of 500 vehicles in Denmark and chiefly serves companies from the Energy, Engineering & Manufacturing, Life Science & Healthcare and Technology sectors. It has an additional 12,000 square meters worth of space in regions such as Padborg, Aalborg and Brøndby. This new terminal in Taulov, which opened in June 2014, will now enable DHL Freight to increase its operations. With 42 fitted docks, the terminal will ensure the coverage of LTL (Less Than Truckload) collections and deliveries across the majority of Western Denmark.

Centrally located in the Fredericia region, popularly referred to as the 'Triangle', the 5,700 square meter facility is built on a land area of 38,000 square meters, which means that DHL Freight Denmark has plenty of room for future expansion in this important industrial zone. Historically, the Triangle area has played a key role over the years in the development of Danish Industry and Commerce. After Taulov grew into a national cargo hub in the 1980s and 1990s, the Great Belt Bridge opened in 1998 and connected Zealand with the mainland Jutland. This resulted in the Triangle area becoming even more important with its key transport network.

Today the region is seen as one of the leading growth centers in the country. Taulov has continued to develop into an industrial zone servicing companies in the design, transport, logistics, energy, food (it has one of the largest cheese factories in Europe) and food processing markets. It has a new industrial and retail park called DanmarkC, and Fredericia and Taulov have gradually merged along the motorway and rail path to create a 10 km long industrial and retail corridor stretching from Taulov to the Little Belt Bridge along two international motorways. With this efficient rail and road network, in addition to the close proximity of the large Fredericia Harbor, it made perfect sense for DHL Freight Denmark to build a new facility to support these key businesses.

Says Ole Moerk, Head of DHL Freight Denmark, "We decided to consolidate our three cross dock operations in Skanderborg, Padborg and Esbjerg early 2012. The new terminal will not just benefit us by reducing complexity and costs, its excellent access to Denmark's most important trade lanes will also improve efficiency and service quality for our customers."



## DHL Freight Launches DHL EUROCONNECT For Ukraine Exports

Since 1 September 2014, DHL Freight Ukraine transports exports from Ukraine to Europe through its DHL EUROCONNECT network

Previously only applicable to imports from Europe due to customs legislations, DHL Freight Ukraine is now permitted to make dedicated groupage export deliveries on a door-to-door basis. The expansion of DHL Freight's most popular product enables Ukrainian and European companies deliver shipments from 100kg up to 2,500kg via Tychy in Poland to whole Europe within defined transit times. With weekly departures from Ukraine, the country is now connected to the rest of Europe via the most effective road network in the region.

To provide customers with better flexibility, DHL Freight Ukraine uses groupage terminals in Kyiv and Lviv as the main platform for groupage deliveries.

Did you know that DHL Freight Ukraine operates different vehicles in the DHL EUROCONNECT network to meet requirements of different industries?

Standard tilt or box trucks would be used for goods of engineering & manufacturing, technology and consumer and retail customers, which do not require temperature controls. For perishables and other temperature sensitive shipments, dedicated reefer trucks will bring the consolidated shipments to Poland. Smaller reefer lorries will then take the deconsolidated shipments to their final destination in Europe.



For more information on DHL EUROCONNECT in Ukraine, or to discuss your logistics requirements, please contact DHL Freight Ukraine at [uafreight@dhl.com](mailto:uafreight@dhl.com)

## SWARCO: Green Light For New Business With DHL

DHL Freight has a new customer on board: SWARCO – a leading producer of traffic management systems. The business was won thanks to Freight's ability to satisfy the company's varied shipping needs.

Headquartered in Austria, the SWARCO Group strives to be the first choice in road safety and intelligent traffic management solutions worldwide. It offers products, systems and services in the fields of urban and interurban traffic management, including energy-saving LED traffic lights, intersection control, adaptive control of traffic flows, highway and tunnel guidance systems, and LED-based street lighting.

In 2013, SWARCO was looking to centralize its European logistics management and move away from working with many different carriers. It was on the search for a provider that could handle its full range of shipments (LTL, PTL and FTL) and one that it could build a strong relationship with. DHL Freight saw this as an opportunity and approached SWARCO with an offer. Despite facing stiff competition, they convinced SWARCO of their offer, which covered the company's specific reporting and delivery requirements.

"We offered a full-package solution," explains Gio Theunissen. "It includes adhering to SWARCO's reporting standards, which means providing both operational and financial data in reports. It also includes deliveries to road construction sites, which can be difficult to access at times. The set-up requires us to schedule exact delivery times, taking into account peak traffic periods."

The contract began in January 2014. DHL Freight provides LTL, PTL and FTL services for SWARCO, transporting its products from Germany and Austria to several European countries. The main cargo includes reflective glass beads, variable message signs for highways, and traffic lights.

## DHL Freight Wins Back Major Contract With GM

DHL Freight secures deal that will mean delivering parts to GM car plants across Europe from some 120 suppliers in the Czech Republic.

Recently DHL Freight won back a major contract to deliver almost 300,000 tons of production material to GM plants in Germany and elsewhere in Europe. With pick-up points at some 120 automotive suppliers located across the Czech Republic, the deal will see Freight capitalize on its Groupage (DHL EUROCONNECT) and Full-Truck-Load (DHL EUROLINE) products to provide the service.

GM is an important Automotive customer for DHL globally, with significant business across each DHL division and in each region. DHL Freight has been providing road transport services for GM Europe for many years, with these making up an important part of DHL's strategic relationship with GM globally, and especially in the Europe Region.

### **Deep understanding of the business**

In Europe the company Gefco acts as the logistics provider (4PL) for GM. There were two reasons for them suggesting that GM choose to work with DHL Freight again. The first was its previous experience. "Having provided the service on these routes for over ten years up to 2011, DHL Freight was no stranger to GM's business" says Stephan Richter, DHL Freight Automotive Sector Head. The second reason was the Czech implementation team's deep knowledge of the business and their excellent implementation skills. "Their extensive understanding of the automotive sector and its needs meant we were able to implement the project in a very short time frame," concludes Stephan Richter.

The success of the win is also due to DHL Freight's excellent past service record, pricing, its knowledge of the business, its ability to manage a very tight timeline and its extremely close collaboration with the customer.

## Amadou Diallo New Chairman of Amref Health Africa Germany

Amadou Diallo has been appointed the volunteer chair of the Board of Directors of Amref Health Africa Germany. In this new position, the Senegalese-born DHL Freight CEO will guide the German office of Africa's largest public health NGO in its strategic orientation and further development in Germany.

"We're proud that such a skilled and well-connected member of the German business world has joined us in the important position of volunteer Chairman of the Board," says Marcus Leonhardt, Director of Amref Health Africa Germany. "Amadou Diallo's personal connection to Africa is also a great asset to us as an African organization."

Amref Health Africa's stated goal is to enable better healthcare in Africa by working with local communities. The NGO's work is concentrated on training medical staff, supporting preventive healthcare and health education, and providing rural areas with what are known as 'flying doctors'. According to Amref, it focuses not on short-term crisis intervention, but rather on making a sustainable long-term contribution to self-reliant development.

"As an African organization, Amref Health Africa enjoys a great deal of support from local people, experiences their needs firsthand, and works for self-reliant development through awareness campaigns, education and training," DHL Freight CEO Amadou Diallo underscores. "I see major potential for the further development of the organization, and I'd like to use my experience and knowledge to help significantly increase German support for projects in Africa in the coming years."

Amadou Diallo is supported in his new position by two vice-chairs and a twelve-member board.

## 2015 – The Sulphur Challenge for Ferry Operators

In 2008 the International Maritime Organization (IMO) agreed to undertake a significant and progressive reduction in sulphur and nitrogen oxide emissions from maritime transport within areas defined as Sulphur Emission Control Areas (SECA) per map below. The first emission reduction came into force in 2010 with a maximum of 1.0% sulphur, which was recovered as an additional surcharge on ferry bookings. From 01 January 2015 the limit will be significantly reduced to 0.1%.

Particularly affected is the maritime traffic in the North and Baltic Seas where it has been estimated that 95% of the ferry fleets are unable to offset the increased costs of alternative fuels to comply with the new regulations. Traffic in the Irish and Mediterranean Sea remains unaffected until 2020.

### Options for ferry operators

There are basically three alternative solutions to meet the new regulations — from 01 January 2015:

#### 1. Switching to Marine Gas Oil (MGO)

This will be a technically uncomplicated solution for majority of the operators to adopt in the short run until more competitive solutions (e.g. Methanol), infrastructure and technologies are developed. However, the current price differential between marine heavy oil and MGO is circa \$260 per ton at the current EUR – USD exchange rate equivalent to a 50% + increase in bunker costs.

##### In summary:

- ▶ Significantly higher bunker costs
- ▶ Production may not meet demand leading to increased prices
- ▶ Does not contribute to CO2 reduction goals

#### 2. Using exhaust after treatment systems (Scrubbers)

Scrubber technology in the marine environment is still under development and remains unproven. Moreover, older and smaller ferries are not suitable to be retro-fitted. The cost of the cleaning technology is circa € 10m per ferry and is seen only as a stop gap before alternative technologies replace use of oil-based fuels. Thus, any investment needs to be recovered within a short period of time.

##### In summary:

- Marine applications remains unproven
- Retrofitting options limited due to capacity, stability and weight issues
- High investment costs for short term solutions
- Does not contribute to CO2 reduction goals

#### 3. Using alternative fuels

Liquid Natural Gas (LNG) is the main alternative to oil-based fuel, but the conversion of existing vessels is cost prohibitive and this option is only relevant to new builds.

Alternatives such as Methanol and Hydrogen are also being considered, but again are relevant only to new builds.

##### In summary:

- ▶ Economically viable for new builds only
- ▶ Lack of infrastructure
- ▶ Lack of regulatory framework

### Impact on ferry rates from January 2015

Due to the constraints of outlined above, vast majority of ferries will switch to MGO to comply with the new emission regulations on 01 January 2015.

Given the extent of the increase in fuel costs (forecast of 50%) the ferry operators will be introducing and imposing a new MARPOL surcharge to recover the costs, structured as the existing Bunker Adjustment Factor (BAF) based on either unit cost or loading meters. This cost is non-negotiable, and will be imposed on customers in accordance with the terms and conditions of the operators in respect of legislative changes. In turn, this surcharge will be passed on to customers of DHL Freight.

As the cost impact of the new surcharge is relative to the distance of the ferry route e.g. current Channel BAF circa € 12, would result in € 6 extra per crossing for MARPOL; current North Sea BAF circa € 76, would result in MARPOL surcharge of € 38 extra per crossing. DHL Freight will review its current routing wherever ferries are used, to identify if alternative production types can be proposed to mitigate any cost increases to their customers.

Given the external influences of supply and demand, and possible adverse exchange rate changes, a further update on the situation will only be available in Autumn.

## Fraunhofer IML works on concepts for the future of urban distribution

Transportation to and from major European metropolitan areas is an attractive field for logistics providers due to the high density of customers, but also a difficult one because of overloaded infrastructure. Parcel, express, and cargo services currently deliver over 5.6 billion consignments annually, Europe-wide – and that number is growing. The individualization of production and commerce and the growing percentage of goods ordered online will drive further increases in commercial transportation volumes. In addition, there are physical and geographic changes taking shape within commercial structures; these could be described in brief as “back to the cities” and “supplying smaller quantities at high frequency.” Together with the increasing flexibility in supply and delivery times, these developments have a major influence on goods transportation and flows of goods in dense urban areas.

With this in mind, the logistics industry is developing new concepts intended to counter the threat of gridlock. Major retailers are currently getting involved as practical partners in a project called Urban Retail Logistics, which is trying out various approaches to supply city center areas and picking up on ideas from urban logistics. The emphasis is on efficient use of space and consolidated delivery accompanied by advanced IT solutions. A cross-company warehouse and transshipment base that is also suitable for fresh products enables savings through centralization and pooled delivery. Another area of focus for the project is the “mobile goods receiving cell,” a way of making deliveries quietly outside of the usual store hours. It is similar to a swap body equipped with climate control and theft protection.

Various projects launched by the Fraunhofer Institute for Material Flow and Logistics (IML, based in Dortmund) are currently showing that there is still great potential for transportation optimization in the area of urban distribution logistics in particular. As part of the EffizienzCluster LogistikRuhr, the eBase4Mobility research project is developing a fully automated city center parking garage with charging options for electric and hybrid vehicles and an additional goods storage and distribution function. Used as a conventional parking garage during the day, the building will serve as a transshipment base for deliveries to the city center area overnight. Distributing delivery trips more evenly across space and time will reduce traffic volumes and ease congestion while making efficient use of the little downtown space available. By pooling goods flows together and scheduling deliveries by electric vehicle during the nighttime hours, when traffic is light, the shared space concept behind this "eBase" makes extremely efficient distribution possible. The project is currently looking at how much the logistics chain changes if deliveries in urban areas are also shifted to off-peak hours.

In summary, things are happening in the area of urban distribution logistics. As a result, experts forecast that "smart cities" will be the only ones that can ensure high quality of life for city dwellers in the future.

---

## New Roland Berger study: growth in logistics through intra-regional markets, contract logistics and e-commerce

According to the current market analysis titled "Global Logistics Markets – Trend Analysis" by Roland Berger Strategy Consultants and Barclays, logistics companies need to adjust to new market trends with challenging requirements. On the one hand, there are new opportunities available to the logistics industry, such as the increasing importance of intra-regional markets, the growth of online commerce, and the range of specific services available for a number of industrial sectors. On the other hand, however, the volatile market environment, increasingly strong e-commerce segment, the movement taking place in the markets as they shift toward Asia, and the increasing demand for specialized services call for new corporate strategies and significant investments by logistics providers, as the analysis sums up.

### Here are the study's core messages in brief:

Intra-regional markets will become especially important to the logistics sector in the future. In this sector, the market for logistics services made significant year-on-year gains in 2011, especially in Asia (+19 percent) and Europe (+22 percent). Development is especially robust in Southeast Asia, where local markets offer good growth opportunities for providers with a focus on specific sectors – most especially in the automotive, consumer goods, and industrial products segments.

In the area of contract logistics, China, Japan, and India currently play the most important role in Asia. By 2017, however, other emerging economies besides China, such as Indonesia, Thailand, Malaysia, the Philippines, and Vietnam, will gain significant ground – more than 10 percent per year. And yet, although Southeast Asia is becoming a new logistics cluster, the local infrastructure has not yet reached Western quality standards. With the exception of Singapore and Hong Kong, the region urgently needs investments to improve its transportation infrastructure.

Another long-term trend helping to shape the logistics industry is the rapid growth of online commerce. In Germany, the UK, and France, e-commerce accounted for a 14 percent larger share of the entire volume of commerce

in these countries in 2011 than it had the year before. This trend brings great business potential for the global logistics industry, but it also has its drawbacks: The B-to-C business associated with this development requires shorter product lifecycles and faster delivery times.

In addition, logistics service providers must be able to supply smaller and smaller product quantities. The consultants' recommendation? Logistics firms should expand their local distribution network in each country in order to reach as many end customers as possible. Consequently, they need to invest in new delivery centers and fleets.

The study's authors view specific industrial niches that require higher value creation by the service company as an interesting line of business. All over the world, companies in the pharmaceuticals, chemical, gas, aviation, and consumer goods industries are increasingly looking for logistics service providers that are able to handle specific areas of the supply chain. Providers who can offer true added value for the industry in these market niches will play a leading role in the future logistics market, as one important conclusion in the study holds.

---

## Diesel Price

Please note that the FS for Sep. 2014 is 4,5% (as per the DHL Freight Central Fuel Surcharge methodology).

- The EU average (diesel) price per litre in July 2014 (which triggers FS Sep.) was 1,42 € vs. our baseline of 1,20 €. (See below the price evolution as per Jan 2008)
- Index is at the same level since Mar-14

– Diesel price in July 14 showed a decrease of -0,29% vs. Jan.14 (Eur 1,418 in July 14 vs. Eur 1,423 in Jan.14)

Quelle: EU Commission, Eurastats, Weekly Oil Bulletin, EU 27 Diesel Price (weighted average) incl. VAT & TAXES

Disclaimer: EU Commission slightly changed the historical values of the Diesel prices with taxes & VAT for period Jan-10 to Dec-11 on report released on 9/Feb/12. Also there were slight changes in latest report (02/Sep/13) & 06/Feb/14 vs. previous report. For our index, values for that period were kept as originally reported.

---

## New Heavy Truck Registration

In June the heavy truck registrations in the EU remained more or less stable (-0.7%), totaling 17,692

From January to June, the EU registered 5.7% more vehicles than in the same period last year reaching 105,405 new heavy trucks

From January to June out of the most significant markets, France (-6.7%) and the UK (-26.5%) performed less well than in the first half-year of 2013, while the Italian (+15.4%), German (+19.4%) and Spanish (+41.4%) markets expanded.

Source: European Automobile Manufacturer's Association (ACEA)

## TimoCom Transportbarometer – monthly view

In July the freight share climbed slightly down to 47% signaling that supply is a little bit higher than demand

After supply and demand were balanced in June, the July Freight share of 47% indicated a slight overcapacity in the market

Freight share: share of freight offers versus all offers (trucks) traded in T&C (sum of freight offers and capacity offers)

Source: TimoCom [www.portatio.com](http://www.portatio.com)

## Press Clippings

### Potential revision of the Combined Transport Directive

The European Commission seeks views on combined transport. A public consultation has been launched to gather stakeholder feedback on the implementation of the Combined Transport Directive and on ways to increase the use of combined transport in the EU. The Directive from 1992 includes a number of policy measures in order to promote Combined Transport operations through liberalisation of road cabotage, the elimination of authorisation procedures for combined transport operations, as well as financial support through fiscal incentives for certain combined transport operations. The feedback shall help assess whether a revision of the Directive is needed and what it should cover to improve the use of combined transport operations within the EU and beyond.

A potential proposal of the revision of the Combined Transport Directive is not expected before 2015.

More information regarding the public consultation -

[http://ec.europa.eu/transport/media/consultations/2014-combined-transport\\_en.htm](http://ec.europa.eu/transport/media/consultations/2014-combined-transport_en.htm)

### Strategy to curb CO2 emissions from trucks

The European Commission published a strategy to reduce Heavy-Duty Vehicles' (HDVs) fuel consumption and CO2 emissions. The strategy focuses on short-term action to certify, report and monitor HDV emissions. The objective of the strategy is to identify an approach to curb CO2 emissions from HDVs in a way which shall be cost-efficient and proportionate for stakeholders and end consumers. The strategy aims at providing manufacturers and other stakeholders with a coherent policy

framework and indicating regulatory developments which shall facilitate decision-making and investment planning.

The European Commission has developed a computer simulation tool, the so-called VECTO tool, to measure CO2 emissions from new vehicles. The Commission intends to bring forward proposals for legislation as of 2015 which would require CO2 emissions from new HDVs to be certified, reported and monitored with the help of the new VECTO tool.

Policies -

[http://ec.europa.eu/clima/policies/transport/vehicles/heavy/docs/com\\_285\\_2014\\_en.pdf](http://ec.europa.eu/clima/policies/transport/vehicles/heavy/docs/com_285_2014_en.pdf)

### Implementation of EU rules for road charging for trucks

The European Commission has requested Ireland, Portugal, Slovenia and the UK to adopt the necessary measures for the correct application of the so-called 'Eurovignette Directive'. This Directive aims at improving the functioning of the road transport internal market by reducing the differences in the levels and systems of tolls and vignettes applicable in Member States. The legislation should have been implemented by the Member States by October 2013. If Ireland, Portugal, Slovenia and the UK fail to react satisfactorily within the next two months, the Commission may refer the matter to the EU Court of Justice.

Furthermore, the European Commission is planning to revise the 'Eurovignette Directive'. Among other issues, a shift of method for measuring road pricing is under discussion – away from the time that a vehicle has spent on a motorway towards a distance-based charging framework. It is expected that the draft proposal will be presented to the Parliament and Member States in 2015.

'Eurovignette Directive' (2011/76/EU) -

<http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:L:2011:269:TOC>