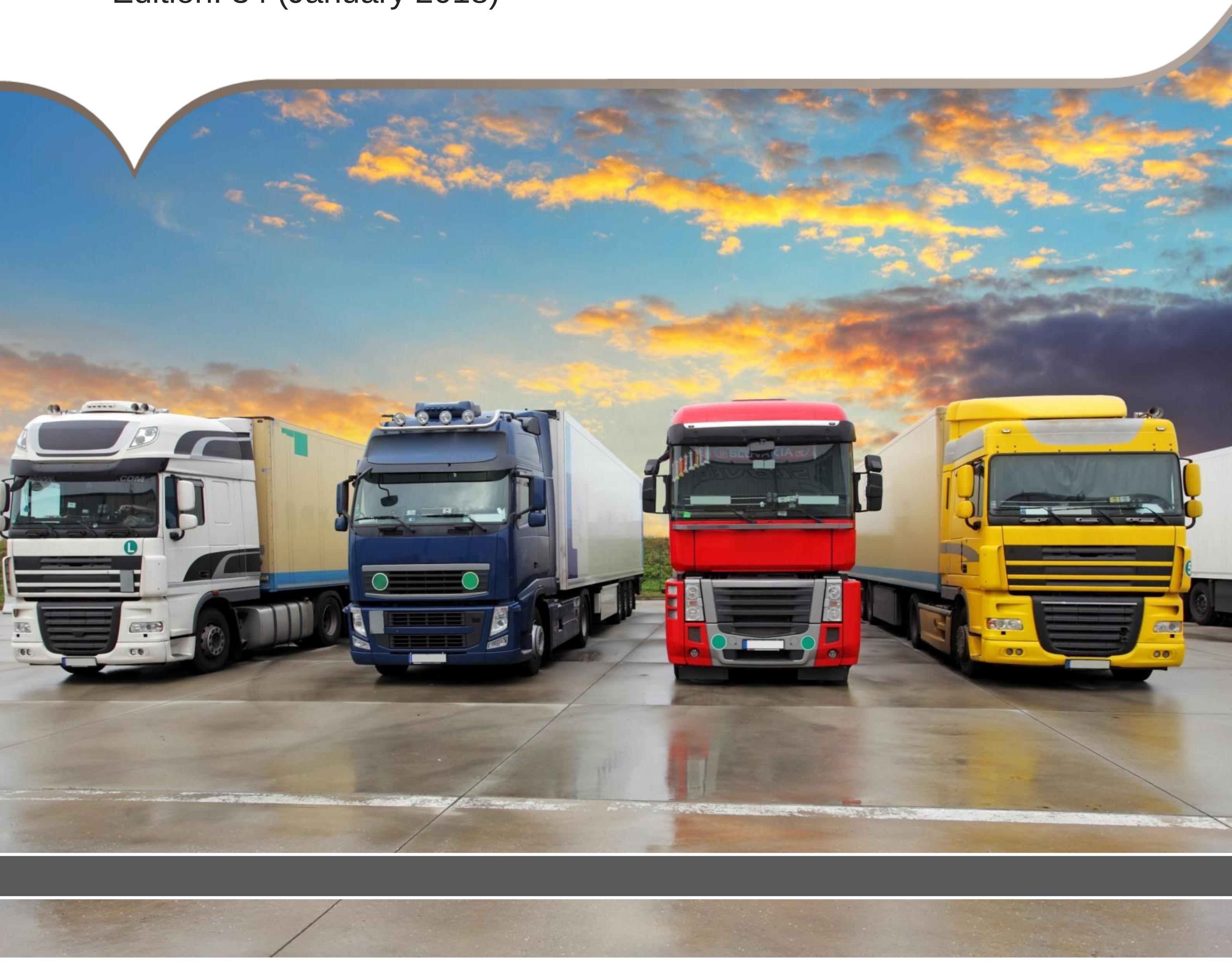
Capgemini Consulting

TRANSPOREON

Transport Market Monitor

Small capacity increase does not result in a decline of the record high price index

Edition: 34 (January 2018)



Proprietary and Confidential Material

Receipt of this document constitutes agreement and consent to keep its contents confidential. This document and all information contained herein are intellectual property of Capgemini Consulting and TRANSPOREON and therefore subject to copyright and other intellectual property rights.

Without the prior written permission of Capgemini and TRANSPOREON only single graphs or parts of the document may be reproduced or transmitted except with respect to copies made or transmitted internally by the client for the purpose of evaluating the contained information. In the event of such usage, no matter to which extent, the user must indicate that the usage takes place with “kind permission of the company TRANSPOREON GmbH and Capgemini Consulting”.

The information contained herein is considered confidential (its release would offer substantial benefit to competitors and vendors offering similar services). This material includes descriptions of knowledge, methodologies and concepts derived through substantial research and development efforts undertaken by Capgemini Consulting and TRANSPOREON.

Therefore, it is the position of Capgemini Consulting and TRANSPOREON that the use or release of the information contained in this document for purposes other than an evaluation of its contents as a basis for internal product direction purposes is prohibited.

© Capgemini/TRANSPOREON 2018

Summary

This is the 34th edition of the Transport Market Monitor. It outlines developments in European road transport rates and includes the figures of the fourth quarter of 2017.

- In Q4 2017, the capacity index increased by 6.4% to 71.8 compared to the previous quarter. Compared to Q4 2016 the index value of Q4 2017 is 23.3% lower.
- The price index (see Figure 1) increased in Q4 2017 to an index of 107.9, an increase of almost 6% compared to Q3 2017 (index 101.8). Compared to the price index of Q4 2016, the price index increased by 14%.
- From Q3 to Q4 the diesel index increased by 10% to an index value of 82.7.
- The European Trade Flow Index is expected to drop by 0.8% in Q4 2017.

These are the conclusions of the Transport Market Monitor by TRANSPOREON and Capgemini Consulting, a quarterly publication, which aims to track transport market dynamics.

This report is the thirty-third edition of the Transport Market Monitor. Each quarter, a new edition will outline the developments during the past three months and reviews additional themes in transportation.

All indices in this report are based on the logistics platform TRANSPOREON, which handles a yearly transport volume (different truck types, mainly FTL and LTL), covering all European countries. Information is anonymously exported from the platform and aggregately analyzed by Capgemini Consulting.

The figures in the Transport Market Monitor date back to January 2008: the earliest point of measurement of the index figures. For all indices, the average figures of the six months period January 2008 till June 2008 (H1 2008) have been set as the basis for comparison (Index 100).

Capacity shows slight increment but remains low

This section of the Transport Market Monitor outlines the quarterly developments of the price and capacity index, since the beginning of the measurements in 2008 until the fourth quarter of 2017.

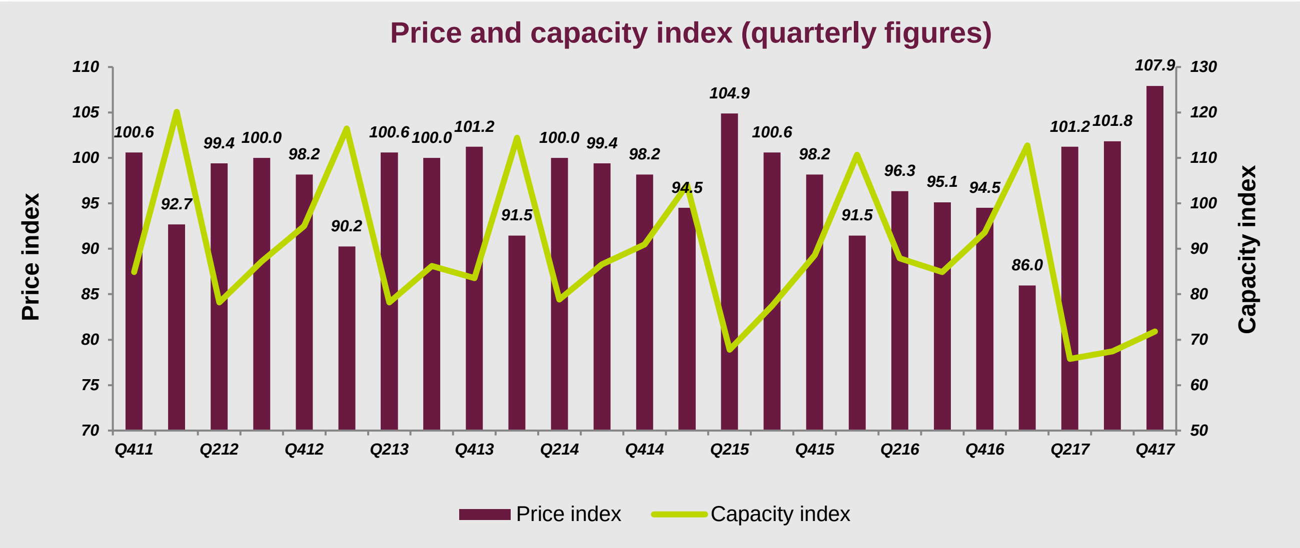
In Q4 2017, the capacity index increased by 6.4% to 71.8, compared to the previous quarter (index 67.4). In Q4 2016 the capacity index was 93.6, which means the index value for Q4 2017 is 23.3% lower than last year's.

The price index (see Figure 1) increased in Q4 2017 to an index of 107.9, which is an increase of almost 6% compared to Q3 2017 (index 101.8) and the highest value observed since the start of TMM measurements. Compared to the price index of Q4 2016, the price index increased by 14%.

The price index is calculated by comparing the average price per kilometer over time.

The Capacity Index is an indicator for "available capacity", the ratio between absolute demand and capacity. The capacity index is calculated by comparing the average number of bids in response to a transport request over time.

Figure 1: Price and capacity index, quarterly (Q4 2011 - Q4 2017)



For the price and capacity indices, the average figures of the six months period January 2008 till June 2008 have been set as the basis for comparison (Index 100). Figure 1 shows the indices of the last 25 quarters.

Price and capacity fluctuate around 2017 average

This section of the Transport Market Monitor depicts the monthly developments in the price and capacity index over the last twelve months. In Q4 2017, the capacity showed marginal growth after observing one of the lowest values in the last month of Q3 2017 in years. In contrast to October and November, December depicts a small decrease in the capacity index.

The price index again showed a fluctuating pattern, with October showing an increase of 6% compared to September, whereas November and December both show a decline. The year ended with a value slightly higher than the year average of 99.0.

Both indices end the year around the yearly average values, which are relatively low for the capacity and high for the price index when looking at the trend over the last years.

Figure 2: Price and capacity index, monthly (January 2017 - December 2017)

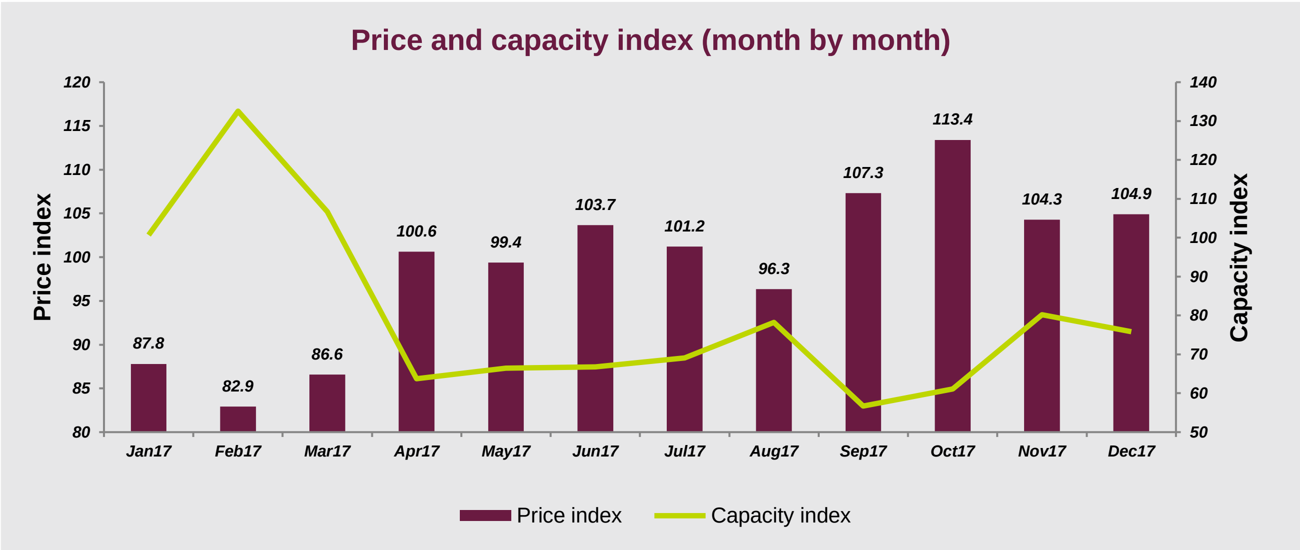
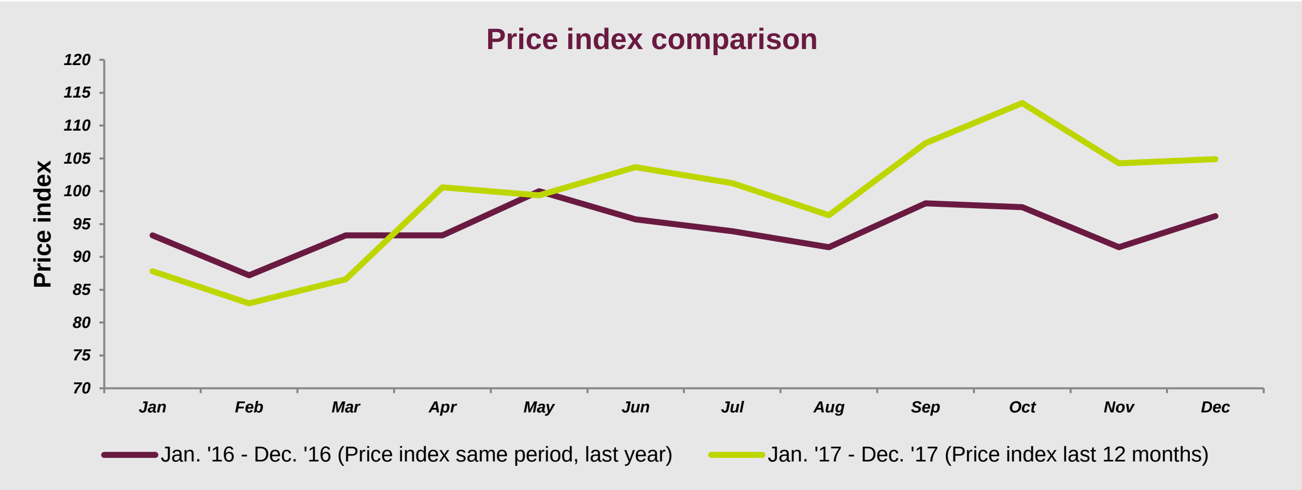


Figure 3 compares the monthly development of the price index over the last twelve months, to the same period one year before. As opposed to the positive trend in Q3 2017, the price index in Q4 2017 depicted a downward trend. This trend is comparable to the same period in 2016. With October starting at a year-end high of 113.4, November and December stabilized at 104.3 and 104.9 respectively. Despite the downward trend in Q4, the average price index has proven to be the highest in years.

Figure 3: Price index comparison, monthly (January 2016 - December 2017)



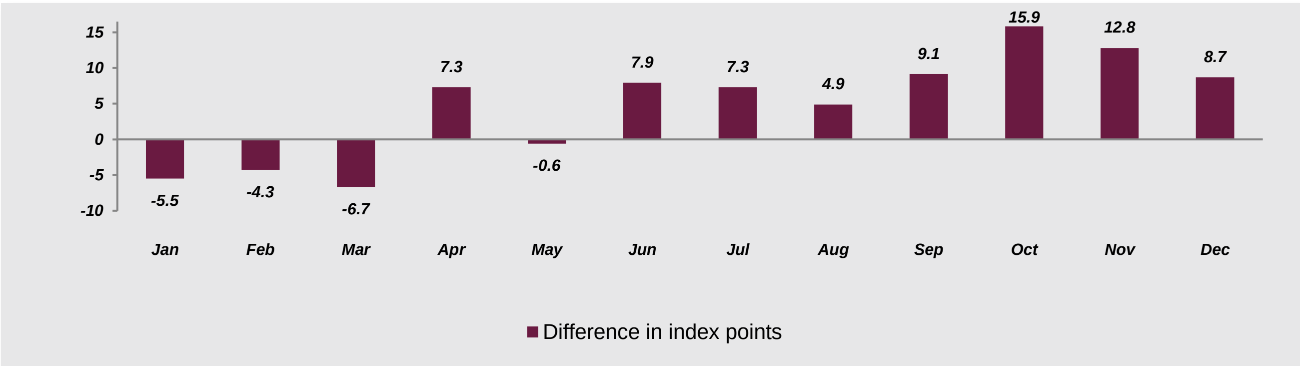
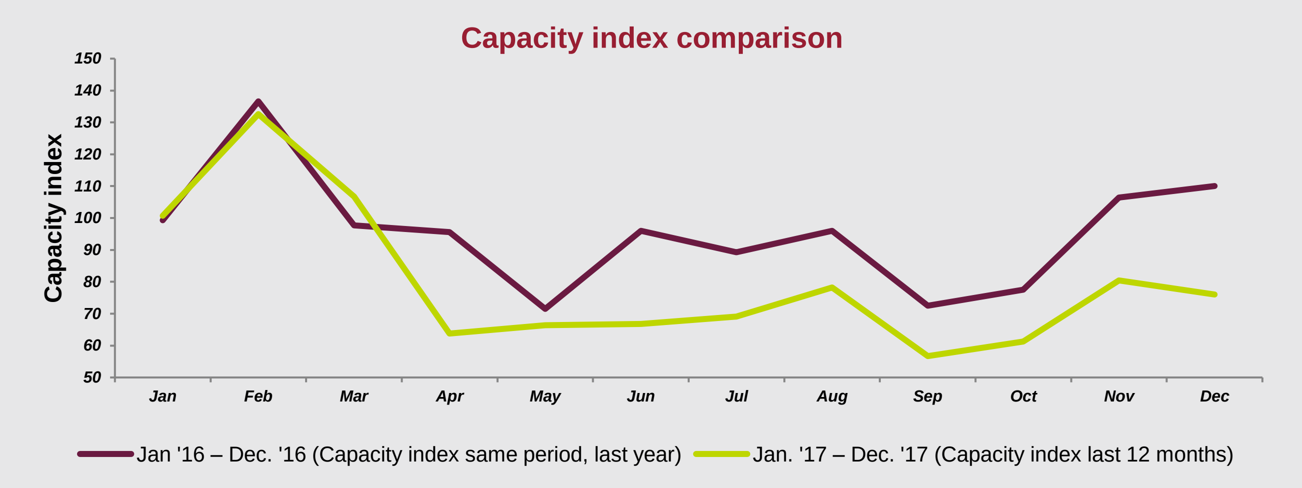
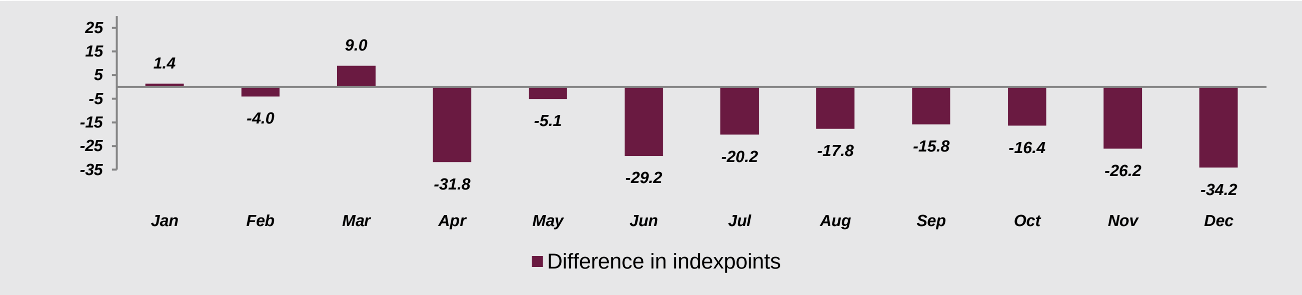


Figure 4 compares the monthly development of the capacity index during the previous twelve months to the same period one year before. Like the previous quarter, the capacity index still follows a similar pattern to the year before with an average of 72.5 in Q4 2017, remaining under the average of Q4 last year (98.0). So far, the capacity index has not recovered from the decline in April 2017 and remains at a relatively low level.

Figure 4: Capacity index comparison, monthly (Jan 2016 - Dec 2017)





Industry focus

General economic conditions apply to most industries, but trends may be stronger or weaker in individual industries. Analysis of the price index by the type of industry identifies these differences, visualized in Figure 5.

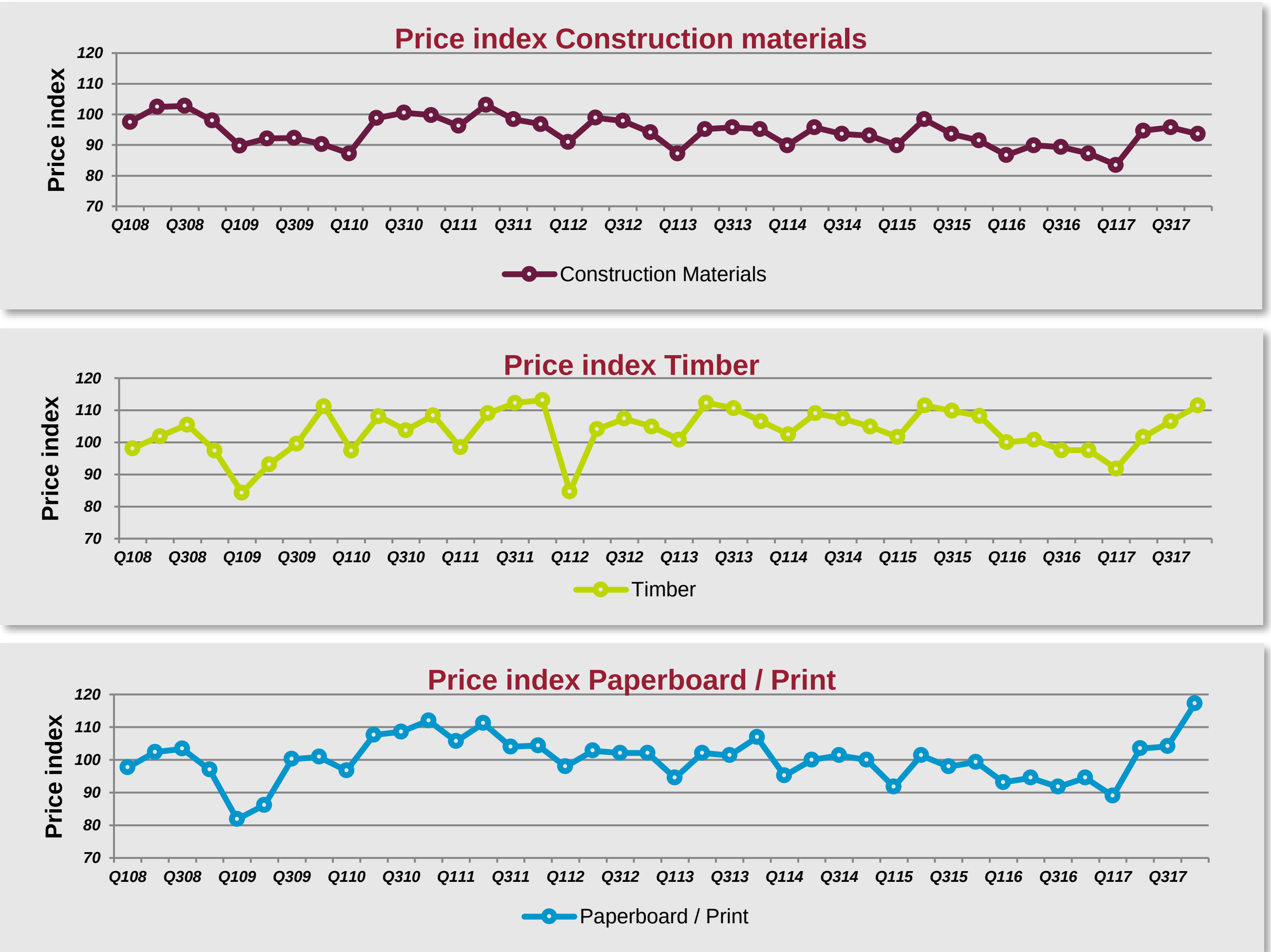
The growth observed in the previous months has either sustained or remained stable in the last quarter in all industries. Especially the paperboard/ print has ended the year with the highest growth seen since the beginning of measurement (2008).

The construction materials industry price index decreased from 95.7 to 93.6 points. In the timber industry, the price index increased by 5% to an index of 115.5 whereas the paperboard/print index increased by 13% to an index of 117.2.

The TRANSPOREON platform handles transport for almost all industries. For the Transport Market Monitor, three different industry types have been analyzed individually.

Each chart in Figure 5 depicts the price development for that particular industry, indexed against the industry baseline (H1 2008).

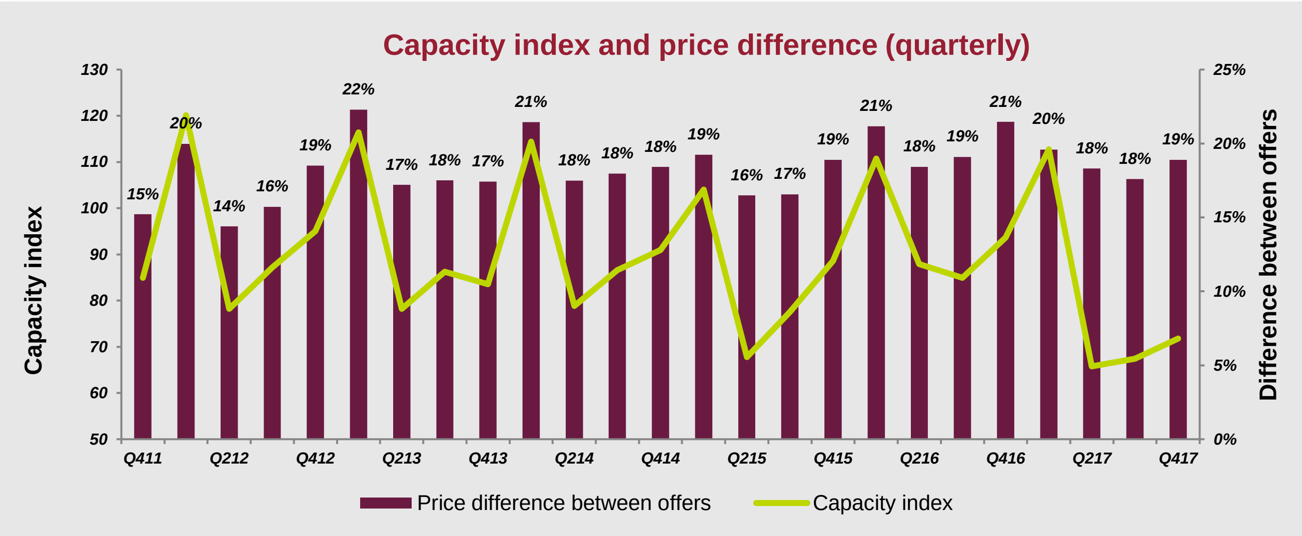
Figure 5: Price index for different industries (Q1 2008 - Q4 2017)



Price difference remains at a low level

This section outlines transport dynamics, by analyzing the price difference between the highest and the lowest price offered per transport order. Figure 6 illustrates the price difference between offers, and the development of the capacity index. In the fourth quarter the price difference level remained at a similar level as the previous quarter (Q3). This is also in line with the pattern in previous years.

Figure 6: Capacity index and price difference (Q4 2011 - Q4 2017)



The price difference is an average figure. In general, price differences increase with the distance to be travelled (see TMM, edition 1). Figure 6 shows the differences of the last 25 quarters.

Diesel index rises slightly

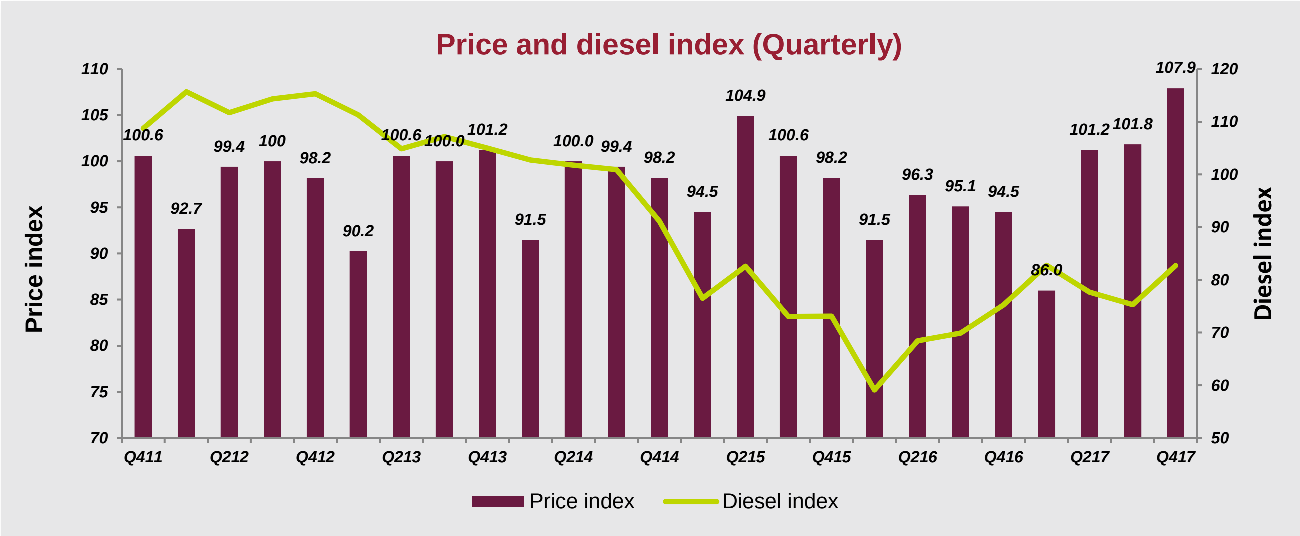
This section compares the price index with the diesel index (see Figure 7). In general, there is a positive correlation between the diesel index and the price index, clearly indicating the impact of diesel prices on transportation costs and consequently prices.

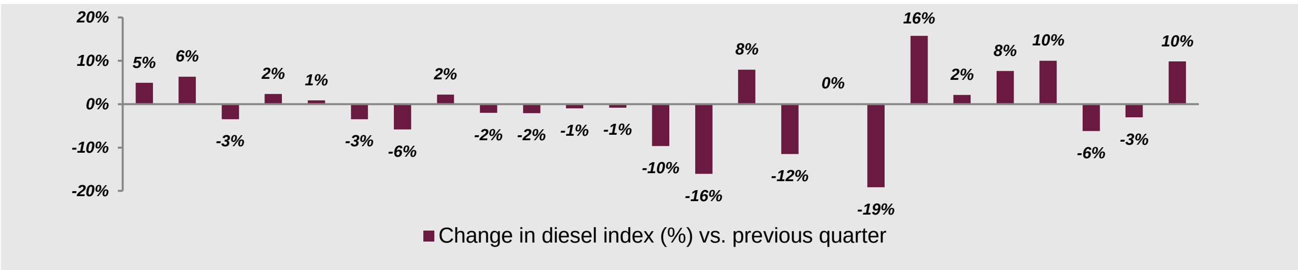
Q4 showed an increase in the price as well as the diesel index compared to Q3. From Q3 to Q4 the diesel index increased by 10% to an index value of 82.7.

Figure 7: Price index and diesel index (Q4 2011 - Q4 2017)

For the diesel index, the average figures of the six month period January 2008 till June 2008 have been set as the basis for comparison (index 100), similar to the other indices used in this report.

The calculation of the diesel index is based on diesel price figures across the European Union, obtained from the European Commission via http://ec.europa.eu/.





For the price and capacity indices, the average figures of the six months period January 2008 till June 2008 have been set as the basis for comparison (Index 100). Figure 7 shows the indices of the last 25 quarters.

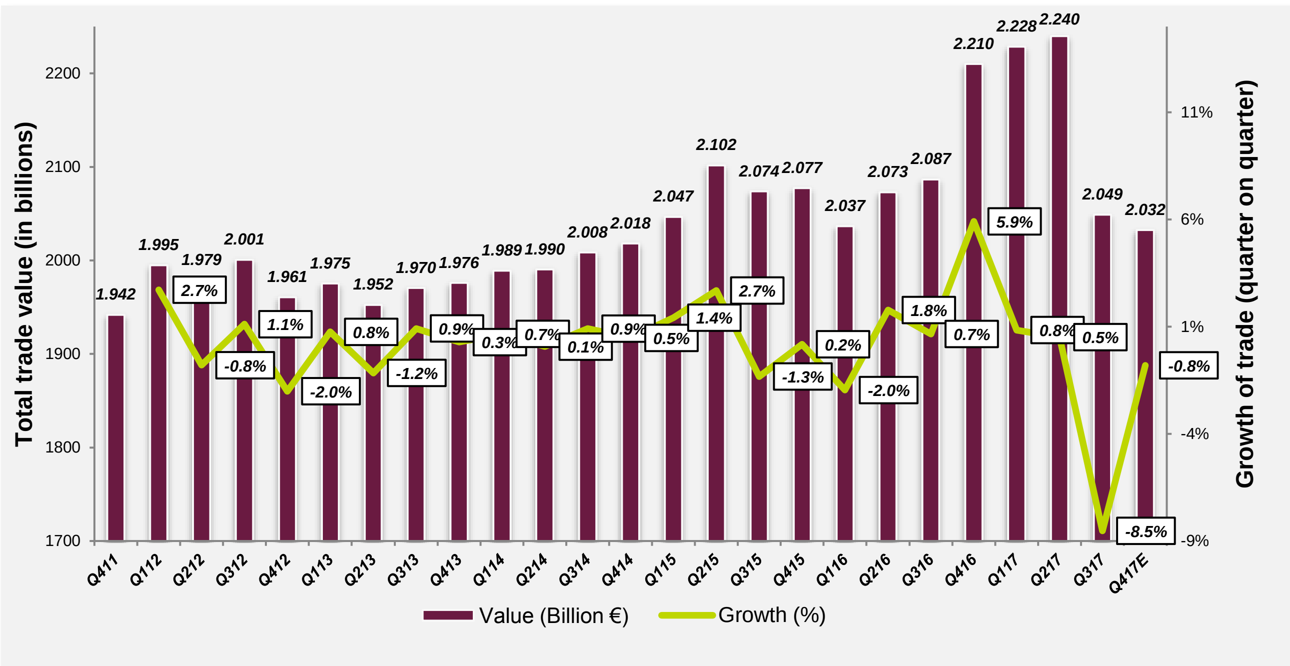
Minor decline expected for European Trade Flow Index

This section features the European Trade Flow Index (ETFI). The ETFI is derived from the Capgemini Consulting's Global Trade Flow Index, a measure of worldwide trade. The volume of trade is a strong driver for transport demand and corresponding prices.

In Q4 2017 trade volumes in Europe are expected to decrease by 0.8% to €2032 bln compared to Q3 2017 (€2049 bln). The trade volume in Q3 2017 has decreased by 8.5%, compared to Q1 2017, which is by far the largest decrease observed regarding the ETFI. In comparison with the same period a year ago, in Q4 2016, the Q4 2017 volume is expected to be 8.0% lower.

Capgemini Consulting's Global Trade Flow Index tracks the trade of goods and services by quarter based on an analysis of a number of trade and market-related parameters from the latest available official data (related to the import and export of goods and services) from national agencies. It is tailored to the European market for this report, providing the European Trade Flow Index.

Figure 8: European Trade Flow Index (Q4 2011 - Q4 2017E)



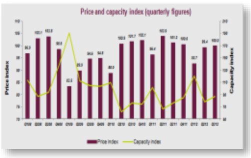
Additional services related to the TMM

Transport Market Developments
A portfolio of offerings

Transport Market Radar

- Information on the most recent price and capacity developments in the European transport market
- **Monthly** dashboard about transports in Europe and within Germany
- Industry focus for transports within Germany
- Please find more information here

Transport Market Monitor



- Provides **key insights** in the European transport market with the quarterly overview of the most important trends
- Quarterly report
- Please find more information here

Next edition

This edition looked at the price and capacity developments since the beginning of the Transport Market Monitor in 2008. It outlined a slight capacity index increase, with another record breaking high price index in Q4 2017, in comparison with the beginning of TMM measurements (H1 2008).

The next edition, number 35, will include the figures for Q1 2018. It will be published in April 2018.

About the Transport Market Monitor

The aim of the Transport Market Monitor is to provide insights into the development of transport prices, and other transport market dynamics to logistics executives and other interest groups. It is a joint initiative of TRANSPOREON and Capgemini Consulting.

The indices in the Monitor are based on the logistics platform TRANSPOREON, on which shippers tender and process their transport needs to their preferred transport partners on a daily basis. The platform handles a yearly transport volume of over €2 billion in all European countries. Anonymously, information is unlocked from the platform and analyzed by Capgemini Consulting. This results in monthly indices which are published on a quarterly basis. In addition to each publication of the Monitor, one or more market themes are discussed, supported by detailed analysis.

TRANSPOREON and Capgemini Consulting can help you to find the right strategy between static and dynamic prices. Additional information about both companies and their service offerings is available upon request.

This report is available at http://www.transportmarketmonitor.com. More information about the products and services of both TRANSPOREON and Capgemini Consulting can be obtained via the contact information provided at the back of this report.

TMM-team:

Capgemini Consulting: Thomas Fortgens (NL), Ilka Hendriksen (NL), Sven de Jong (NL), Erik van Dort (NL), Josi Gwizdz (DE), Florentin Braunewell (DE)

TRANSPOREON: Oliver Kahrs (DE), Monika Stahl (DE), Katja Hufeland (DE)

About Capgemini and TRANSPOREON

About Capgemini

A global leader in consulting and technology services, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2016 global revenues of EUR 12.5 billion.

Visit us at www.capgemini.com. *People matter, results count.*

Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, the global team of 3,500 talented individuals work with leading companies and governments to master Digital Transformation, drawing on their understanding of the digital economy and leadership in business transformation and organizational change.

Find out more at: http://www.capgemini-consulting.com/

About TRANSPOREON

The logistics platform TRANSPOREON connects shippers from industry & trading companies with carriers, drivers & consignees – and optimizes and accelerates logistics processes. Users of the platform receive web-based SaaS (Software-as-a-Service) solutions as electronic transport assignment, time slot management and transport visibility. TRANSPOREON allows reducing dispatch and freight costs, while minimizing waiting times during loading and unloading.

Currently more than 1.000 industry and trading companies, more than 65,000 carriers and more than 100,000 users from 100 countries are connected via the TRANSPOREON platforms. The platforms as well as the customer service are available in 24 languages.

Operating company of the logistics platform TRANSPOREON is the international TRANSPOREON Group. Other solutions the group is offering are the tender platform TICONTRACT and the retail logistics platform MERCAREON. More than 510 employees are on site throughout Europe, the U.S.A., Russia and Asia.

Learn more about us at: *www.transporeon.com*

Capgemini Consulting

For more information, contact:

Benelux:
Erik van Dort
Tel: +31 30 689 71 19
E-mail: *erik.van.dort@capgemini.com*

Germany/Switzerland:
Ralph Schneider-Maul
Tel: +49 221 9126 44182
E-mail: *ralph.schneider-maul@capgemini.com*

UK:
Steve Wilson
Tel: +44 870 366 0236
E-mail: *steve.wilson@capgemini.com*

Italy:
Via: Erik van Dort
Tel: +31 30 689 71 19
E-mail: *erik.van.dort@capgemini.com*

Austria:
Ralph Schneider-Maul
Tel: +49 221 9126 44182
E-mail: *ralph.schneider-maul@capgemini.com*

France:
Gerald Murat
Tel: +33 6 78 90 68 64
E-mail: *gerald.murat@capgemini.com*

Nordic Countries:
Michael Eriksson
Tel: +46 702 57 51 95
E-mail: *michael.eriksson@capgemini.com*

Poland:
Via: Erik van Dort
Tel: +31 30 689 71 19
E-mail: *erik.van.dort@capgemini.com*

www.capgemini-consulting.com

TRANSPOREON

For more information, contact:

Balkans:
Armin Musija
Tel: + 43 (0) 664 1966 542
E-mail: *musija@transporeon.com*

Benelux/UK:
Michel Haenen
Tel: +31 6 123 95 308
E-mail: *haenen@transporeon.com*

Germany/Switzerland and Nordic countries:
Raphael Triemer
Tel: + 49 731 16906 167
E-mail: *triemer@transporeon.com*

Italy:
Roberto Ostili
Tel: +39 050 552168
E-mail: *ostili@transporeon.com*

Austria:
Armin Musija
Tel: + 43 (0) 664 1966 542
E-mail: *musija@transporeon.com*

France:
Alexia Narvor
Tel: +33 1 39 21 97 29
E-mail: *narvor@transporeon.com*

Spain:
Miriam Ribas
Tel: + 34 977 6200 39
E-mail: *ribas@transporeon.com*

Poland/Slovakia/Czech:
Maria Mitrofanova
Tel: +7 499 918 67 36
E-mail: *maria.mitrofanova@transporeon.com*

Romania/Hungary:
Tibor Batki
Tel: + 36 30 495 4616
E-mail: batki@transporeon.com

www.transporeon.com

www.transportmarketmonitor.com

Transport Market Monitor is a joint initiative from TRANSPOREON and Capgemini Consulting