

The Importance of Railways in the development  
of competitive logistics services.....



# SC Delamode Logistics SRL

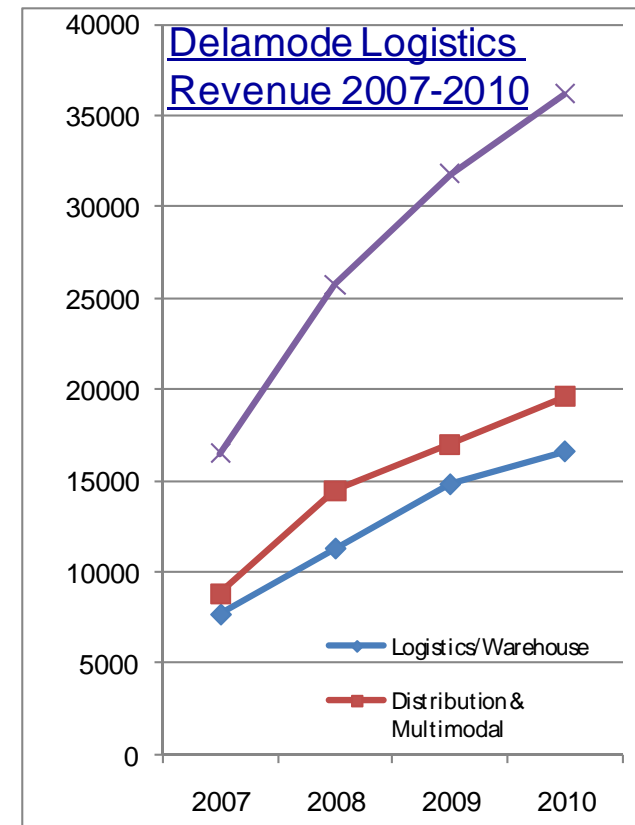
## Connecting The Supply-Chain

06/10/10

# Introduction to Delamode Logistics



- A Leading provider of Supply Chain Solutions in Romania;
  - **Warehousing** – 100.000sqm of warehousing space in Romania (bonded, multi-temperature warehousing, multi-user, DIY and Automotive). All warehouse operations are paperless using RF technology – the first LSP to implement voice picking technology for retail operations in Romania
  - **Transportation** – delivering approx. 300 FTL per day to all major cities in Romania (tilt trailers and reefers).
  - **Intermodal services** – the only private operator of a rail-container terminal in Bucharest
- The leading provider of Logistics & Supply Chain Services to the Retail/FMCG sector in Romania
- Operations have continued to grow strongly and profitably through the economic crisis



	Revenue in '000 Euro			
	2007	2008	2009	2010**
Logistics/ Warehouse	7.700	11.300	14.800	16.600
Distribution & Multimodal	8.800	14.450	17.000	19.600
<b>Total</b>	<b>16.500</b>	<b>25.750</b>	<b>31.800</b>	<b>36.200</b>



# Major Clients in Romania



**Honeywell**

**real**

**Kaufland**

**Carrefour** 

**P&G**

**Praktiker**



**METRO**  
Cash & Carry Romania



**COSTA**  
*italian about coffee*



**IBM**

**MGL**  
METRO Group Logistics



# Delamode Logistics' Mission



***To be the leading provider of supply chain solutions for clients in Romania and the region.***

***It is our stated goal to constantly strive to identify opportunities for our clients to add value to their business through cost savings and simplification of the logistics processes***



# How did Delamode get into rail transportation??



- Operating warehousing and transport for our clients, we were constantly looking for ways to expand the relationship into other areas of the Supply Chain
- We had grown frustrated at the previous provider and their inability to provide us with information on the number and timing of incoming containers by road
- The problem of merchandise missing from containers was on the increase causing significant losses for our clients
- Diesel prices then (as now) were on the increase
- We were looking to do something different, but had grown frustrated with other alternatives, so turned to rail as an option

# Delamode's Rail Operations



- The first operations took place in April 2008, Metro & Real shifted their operations to rail in September 2008
- Multi-year contract awarded in Q1 2009 for MGB
- Took over operation of Terminal in summer 2009
- Despite economic downturn in 2009, the business grew successfully through 2009 and into 2010
- Delamode offers full services including on-line tracking of the status of each container through the supply chain
- New rail container terminal due to open in the next 3 months
- Significant interest from clients for container movements out of Constanta, but also trains with mobile boxes from Western Europe
- Now account for 10% of Delamode Logistics' business.



## Panel Discussion...

The Importance of Railways to the development of competitive logistics services.....



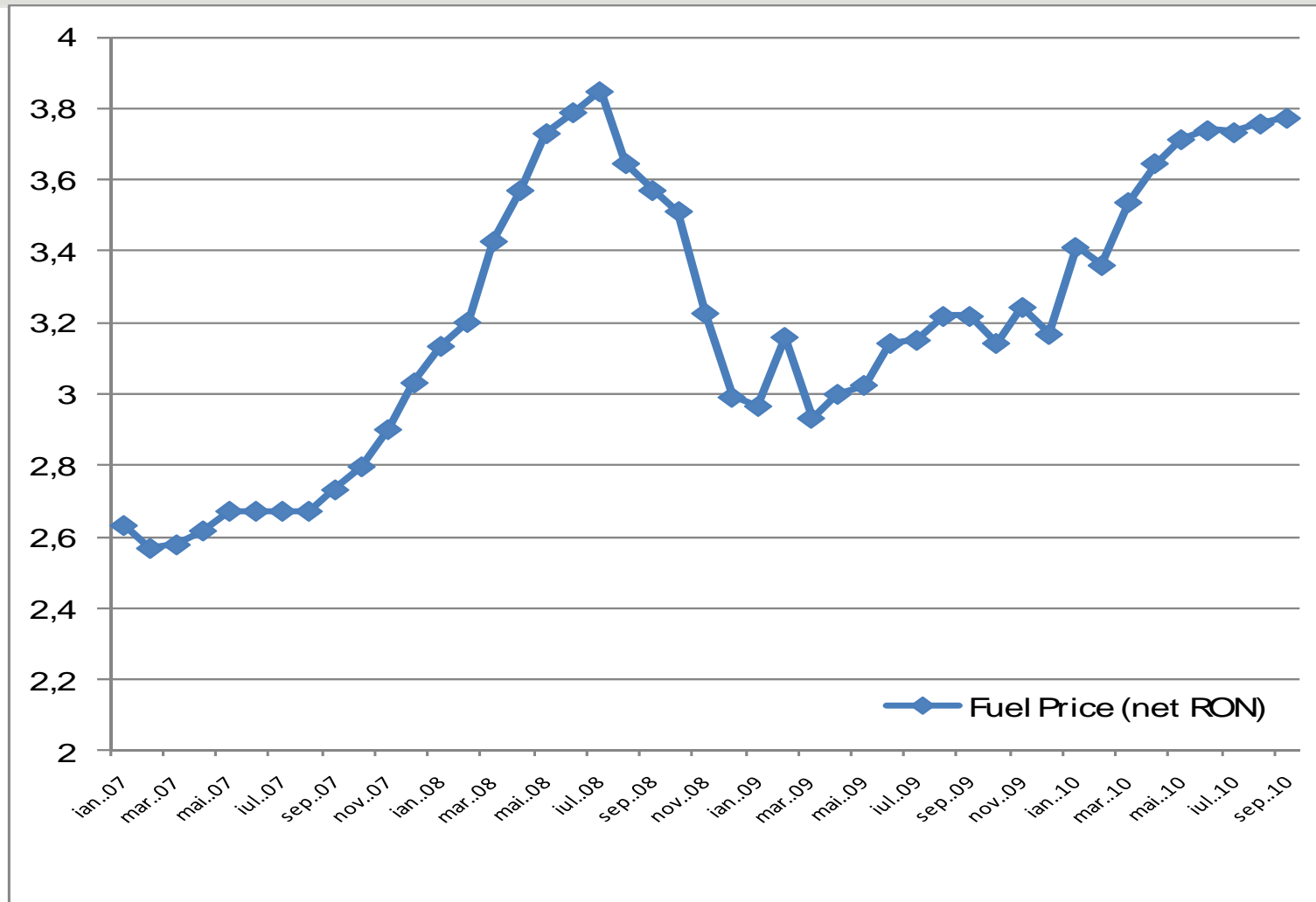
My answer.....?

**EXTREMELY IMPORTANT!!!.....**

***BUT* IS THE RAIL INDUSTRY IN ROMANIA  
ABLE TO RESPOND??**



# Romanian Diesel Price Development 2007-2010





# What are clients looking for?



- Sustainable solutions, environmentally responsible
- Transparency through the Supply Chain of their merchandise
- Security!
- Co-ordination between different parts of the Supply Chain to minimise overall cost
- Reliability – the service doesn't have to be fast, but consistent!
- Cost effective – and sustainable over the long term

However....,,



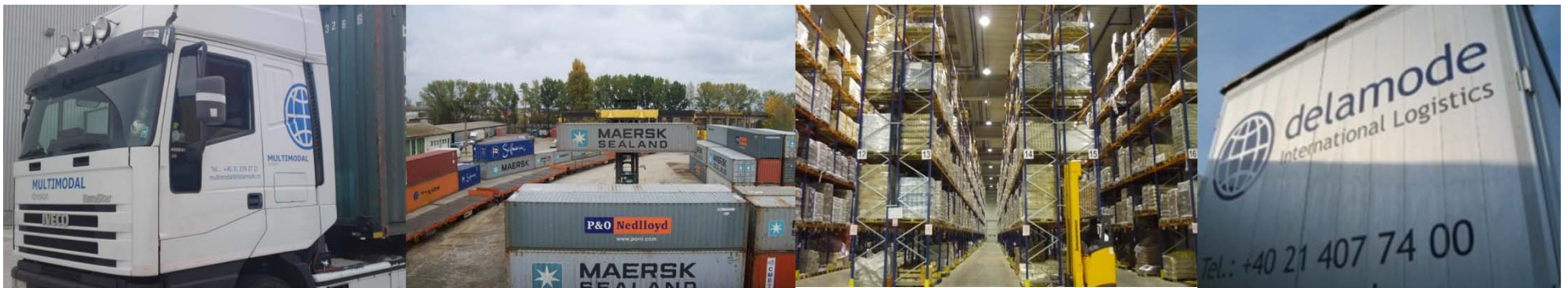
# There is always a but.....



- I have heard for years Consultants and Academics talking of the merits of “*rail v road*” and Constanta’s potential as the “*Gateway for Europe*”
- Diesel prices are on the increase, making rail ever more viable
- Is there *really* any desire on the part of the Port authorities to increase Constanta’s competitive position by facilitating alternative modes of transport (thus making Constanta a viable solution for serving other CEE countries)?
- Will there *ever* be a sensible review of the infra-structure tax for using rail to increase its competitiveness vs. road (also for movement of domestic freight)?
- Will CFR *really* commence RO-LA operations or was it just for publicity? Or will it be left to a more commercial private operator?
- If so, *will* the State take measures to open up the usage of infra-structure more to private operators to take advantage of the possibilities?



# THANKYOU!



# Zilele FERROVIARE

THE WBSA RAILWAY SUMMIT