

INTERVIEW

SUPPLY CHAIN FLEXIBILITY AND RESILIENCE. THE VALUE PROPOSITION OF TRANSMEC GROUP

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1. The global economy seems to experience challenges we have not seen in decades: very high inflation, the prospects of synchronized recession, higher and higher interest rates, and even war. In this context, how do you deal with such challenges in your business sector?

Transmec is a very flexible and agile transport & logistics provider when it comes to market challenges, as we don't see the recession as an issue, but as an opportunity to better serve our customers. In any crisis, it is well known that the companies surviving are the resilient ones, able to transform and reinvent accordingly to the market changes. I don't want to say that the context is the worst from what we have seen in the last decades, the market is only different and what we see is a market shifting. The old and traditional models won't work anymore, so we have to reinvent ourselves and to find cost-effective services and solutions to answer to our customers' changed needs.

2. How was your business affected by higher energy, shortage of drivers, and higher demand for transportation due to e-commerce? And how the war affected the transport industry locally

Having our own fleet of trucks and trailers, drivers were always a major concern for our group. The drivers' shortage haven't appear in the last 2 years, the drivers' shortage existed before, but it was just deepen by the pandemic and the Ukrainian war. Drivers' shortage is continuing to put upwards pressure on wages, as our group makes efforts to remain competitive and keep our drivers. At the end of the year, the shortage of drivers is forecasted to increase in Europe (due to drivers' retirement), reaching 14% of unfilled driver positions. In conclusion, transport companies has to invest more in retaining process of the existing drivers and finding solutions to attract new ones. Concerning high energy prices, which is a direct consequence of Ukrainian war, we actively work together with our customers to keep the business continuity at competitive tariffs.



3. What were the main drivers of your growth in 2022? What do you expect for 2023?

Our 2022 growth comes from the corroborated actions we took at a Group level: investing in human capital, providing qualitative and reliable services to our customers, existing fleet growing (plus renewing) and expanding our footprint in North of Africa (by the acquisition of a well-known company with a fleet of 500 trailers). 2023 will tell us whether our actions and investments have been correct or not. However, we think that 2023 will be a year of consolidation. It will bring a reduction in volumes but, at the same time, the transport sector will experience a decrease in capacity/availability, so the primary focus for us will be to secure the existing business/volumes and to answer, as well, to the new

business opportunities, which will appear as a consequence of the capacity drop.

4. Transmec grew as it is a strategic supply chain partner for its clients. So, how did you navigate the supply chain bottlenecks?

We have long-term relationships with our customers and our aim is to always provide them services tailored to their needs. Over time we learnt about our customers' problems and make them our owns, with the continuous aim of providing them a best-in-class service. We invest in equipment but above all in human capital because our pillars are "flexibility, speed and reliability". The customers working with us must have peace-of-mind and know that if they have a problem, the maximum support is guaranteed from our side to

solve or mitigate its effects. Most of our services are end-to-end ones, which means that we accompany our customers through their entire supply chain, therefore we always found turnarounds and solutions to counter the supply chain bottlenecks (such as developing more the rail service from China to Europe, as an alternative for ocean freight, when containers were missing, ports in Asia collapsed).

5 ■ Which was the “star” of your business and why in 2022? Was it the road transport? The Air&Sea? The intermodal? What characterized all the business segments in which Transmec is very active?

We have historically specialized in road freight service, LTL and FTL, both standard service and express one, the express service being our flagship which differentiates us from our competitors. Road freight service, being our core expertise, is in our full control and we can easily find alternative solutions for any problem that might appear during transportation, while in intermodal or multimodal we unfortunately also depend on factors that we cannot directly control (such as but not limited to: port congestion, bad weather, war, poor rail infrastructure, containers’ shortage, etc.). The overall road freight sector had in 2022 a positive trend versus 2021, which was also a good year, the increase coming from the big demand after the last 2 pandemic years.

6 ■ From your company presentation, we can see Transmec has a word to say in everything that gets to the customers: from automotive and fashion to grocery and high-tech. Which evolution has surprised you most in 2022 and why?

Indeed, Transmec is a highly diversified transport provider, bringing expertise and added value in different vertical markets. I would say that in 2022 the sectors that challenged us the most due to increased volumes were the automotive and fashion sectors. At some point, we had no alternative but to refuse few new businesses due to lack of capacity to cover them at the same high standard level which characterizes our services.

7 ■ How do you cover customer needs who always ask for more speed, flexibility, and security?

As I have already mentioned earlier, among our corporate values stand up the speed and flexibility which have always been recognized as safety and security principles. We are able to guarantee these

values thanks to a fleet composed for the most part of double manned trucks, which limit stops during a trip (stops which are anyway allowed only in secured parking places, our fleet being 24/7 monitored via GPS). In terms of security, we are TAPA TSR3 certified, our fleet having a big share of box trailers, used especially for high value products. All our warehouses and docks are compliant with the highest safety rules and procedures.

8 ■ Is there any unpredictable thing that will happen in terms of transport legislation in 2022? What’s your need in terms of legislation in such a difficult environment?

The Mobility Package will demonstrate its impacts more fully after 2023. Domestically, the cooling off period for cabotage operations is expected to reduce domestic capacities, which is likely to limit growth. The cooling off measure (4-day cooling off period introduced for cabotage operations) will have a disproportionate effect on Eastern European hauliers, as they are most likely to be currently not complying with the new provision. Countries such as Bulgaria, Romania, Lithuania, and Latvia, will likely lose market share to countries closer to the west such as Poland, the Czech Republic, Hungary, and Slovenia.

9 ■ Does the high price of diesel and the future obligations regarding the ESG affect your policy in terms of investments? Can we witness a different transportation and logistic landscape in the short and medium term?

In the last 5 years Transmec has invested in the intermodal service, operating an own railway terminal in Oradea and 5 company trains on a weekly basis (2 for Italy and 3 for Northern Europe). We strongly believe in green transport and cost containment but unfortunately the current situation does not help intermodal development too much. The rail infrastructure is obsolete and insufficient for organic and concrete development. Furthermore, the shortage of train drivers is creating problems, in this service, as well.

10 ■ What is your main message to your clients/partners in terms of challenges and opportunities for the short and medium term?

Our message for our partners is to keep close the reliable service providers which can commit in terms of capacity and business continuity in these changing environment and uncertain times. And to maintain with them a partnership that must be profitable and sustainable for both parties.