



DB Schenker —

Example of domestic distribution system in Russia

AO SCHENKER

Transport and Logistics

Riga, June 2-3, 2016

Russian Federation

RUSSIAN FEDERATION

- Population 143,8 mln.
- Under WAWA/ over WA 16,8 / 60,1 / 23,1 %%
- Urban / rural 74 / 26 %%
- Ethnic groups 130 (among them Russians 81%, Tatars 3,7%, Ukrainians 1,4%)
- Official languages Russian + 35 co-official languages in different regions
- Religion 4 traditional, 1/7 call themselves as atheists
- Time zones 11 (MSK-1, MSK=UTC+3, MSK+1,..., MSK+9)
Flight Moscow-Vladivostok takes 8,5 hours.
- GDP (June 2015) -4,6%
- Inflation (June 2015) ~10,0%
- Unemployment under 6 %



Moscow international business center «Moscow-city»

Natural Park "Lena pillars", located along the banks of the Lena River in Yakutia



Commercial transportation and cargo turnover dynamics for all RF economic sectors, 2008-2015, %

Commercial transportation and cargo turnover dynamics for all RF economic sectors, 2008-2015, %



Note: excluding pipeline transport and private railway transport
Source: Mintrans RF, MEDT of Russia, RBC.research

Russian freight turnover for the 1st quarter of 2016

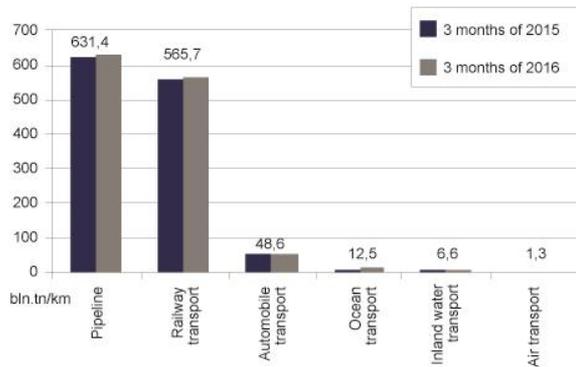


Fig.1. Dynamics of Russian freight turnover, 1st quarter of 2015-2016

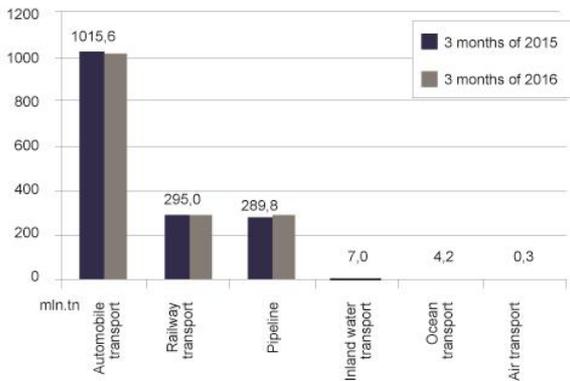


Fig.2. Dynamics of goods transportation by Russian transport, 1st quarter of 2015-2016

Table 1. Russian freight turnover (bln.tn/km), 1st quarter of 2015-2016

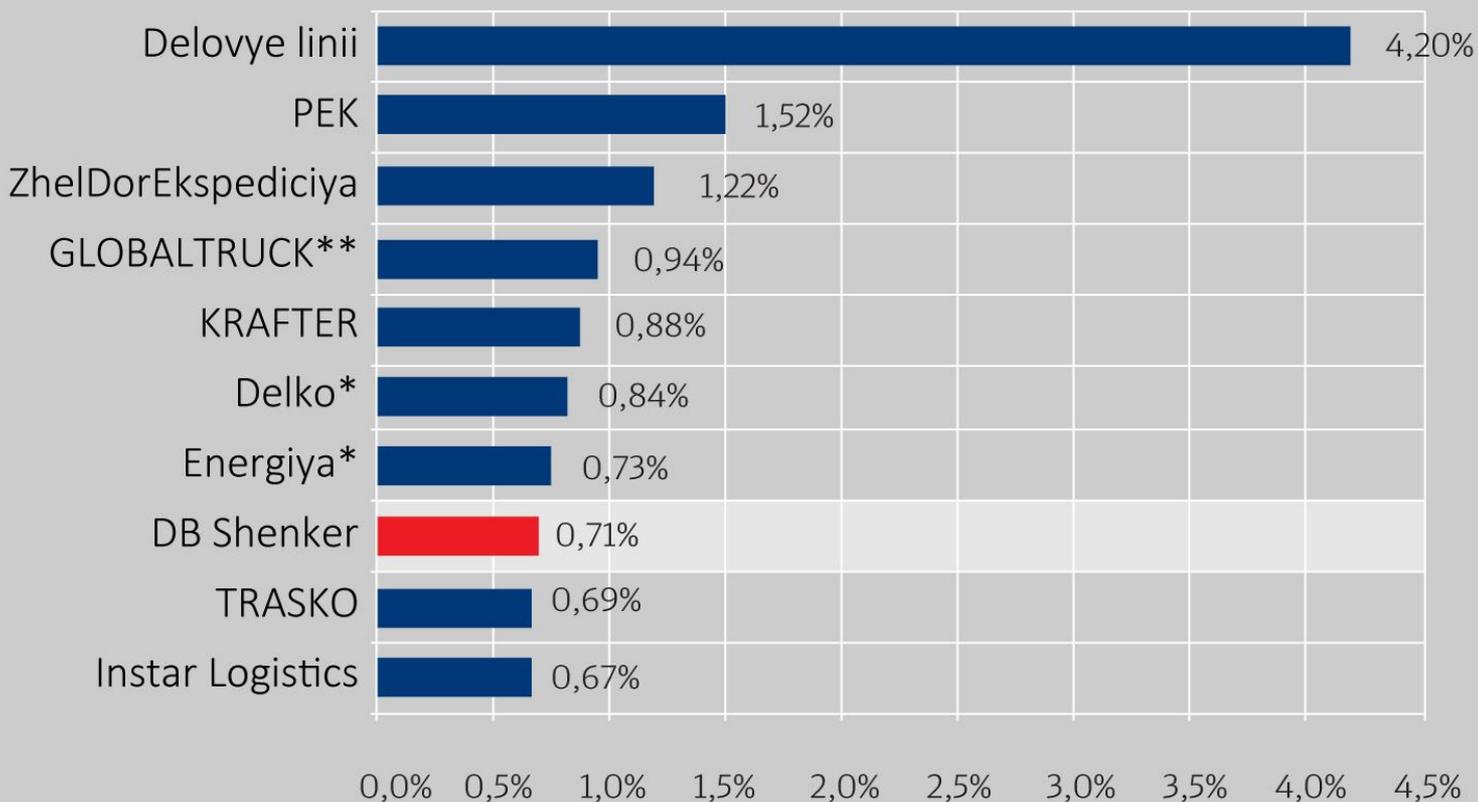
	3 months of 2015	3 months of 2016	3 months of 2016 to 3 months of 2015 in %	Feb.2016	March 2016	March 2016 to Feb. 2016 in %	March 2015	March 2016 to March 2015 in %
Railway transport	562,5	565,7	0,60%	185	197,8	6,90%	199,9	-1,10%
Automobile transport	48,9	48,6	-0,60%	16,2	18,1	11,70%	18,2	-0,50%
Ocean transport	6,6	12,5	89,40%	3,9	4,4	12,80%	2,5	76,00%
Inland water transport	6,4	6,6	3,10%	2,3	2,5	8,70%	2,5	0,00%
Air transport	1,3	1,3	0,00%	0,4	0,5	25,00%	0,5	0,00%
Pipeline	620,9	631,4	1,70%	197,8	208,9	5,60%	209,7	-0,40%
Total:	1246,6	1266,1	1,60%	405,6	432,2	6,60%	433,3	-0,30%

Table 2. Goods transportation by Russian transport (mln.tn), 1st quarter of 2015-2016

	3 months of 2015	3 months of 2016	3 months of 2016 to 3 months of 2015 in %	Feb.2016	March 2016	March 2016 to Feb. 2016 in %	March 2015	March 2016 to March 2015 in %
Railway transport	292,5	295	0,90%	95,5	105,4	10,40%	103,2	2,10%
Automobile transport	1024,6	1015,6	-0,90%	331,6	382,6	15,40%	391,4	-2,20%
Ocean transport	3,5	4,2	20,00%	1,3	1,3	0,00%	1,2	8,30%
Inland water transport	5,6	7	25,00%	2,3	2,6	13,00%	2	30,00%
Air transport	0,2	0,3	8,70%	0,1	0,1	42,90%	0,1	11,10%
Pipeline	282,4	289,8	2,60%	89,9	95,6	6,30%	94,8	0,80%
Total:	1608,8	1611,9	0,002	520,7	587,6	0,129	592,7	-0,009

TOP-10 players shares of Russian road transportation market, 2014, %

TOP-10 players shares of Russian road transportation market, 2014, %



Note: transportation services revenues

Source: companies' data, SPARK, RBC.research

We have 2 along-standing markets



International

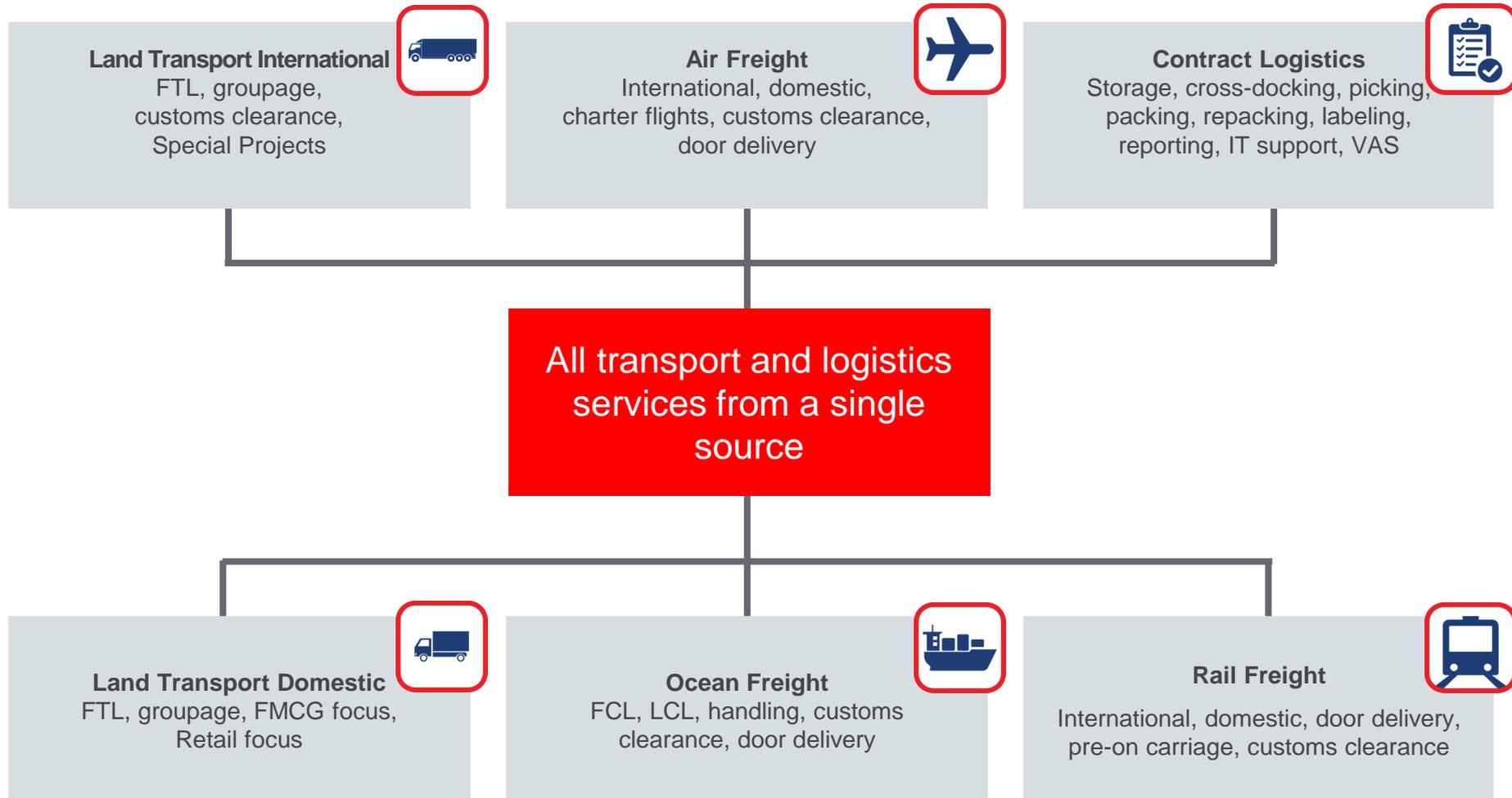
Domestic



Features		International	Domestic
S t a t u t o r y	Legislation, liability	CMR, Incoterms, Liability limitation	Civil Code, Transport Law, Full value liability
	Additional certification, licensing	License, Equipment certification for international haulage	None
	Carrier insurance	Green Card (for truck), CMR liability insurance (for company), TIR/customs guarantee insurance (for truck)	3rd party liability insurance (for truck)
	Additional permits	Permissions/Journey authorizations	None
	Combination of customs cleared and non-cleared loads	Not allowed	Not allowed
T e c h n i c	Fleet synergy	Overwhelming majority of International fleet is never used for Domestic regular traffic.	Domestic fleet is never used for International carriage
	Fleet standard	3-7 years old	5-15 years old
	Control system	Tahographs (penalty: license withdrawal + fine)	Tahographs (since 01.04.2015) (penalty: fine for a driver)
C o n t r a c t i n g	Customers database	Overlapping max 10% by number.	
	Consuming behaviour	International and Domestic purchasing is normally done by different procurement persons and even different departments.	
	Contracting	In contrary within the same market (International or Domestic) both products are bought / executed by the same procurement persons.	
	Demurrage	Counted and paid by days.	Counted and paid by hours.
	Price validity	1-6 months	6-12 months
F i n a n c e	Finance/ bookkeeping	VAT=0%	VAT =18%
	Accounting documentation	CMR with original stempes of border crossing and delivery	Domestic waybill with a stemp plus not demanded by law but as a market demand - returned commodity sales documentation with buyers acceptance signature (various forms).
Internal	Operational systems	Ciel	Softsped

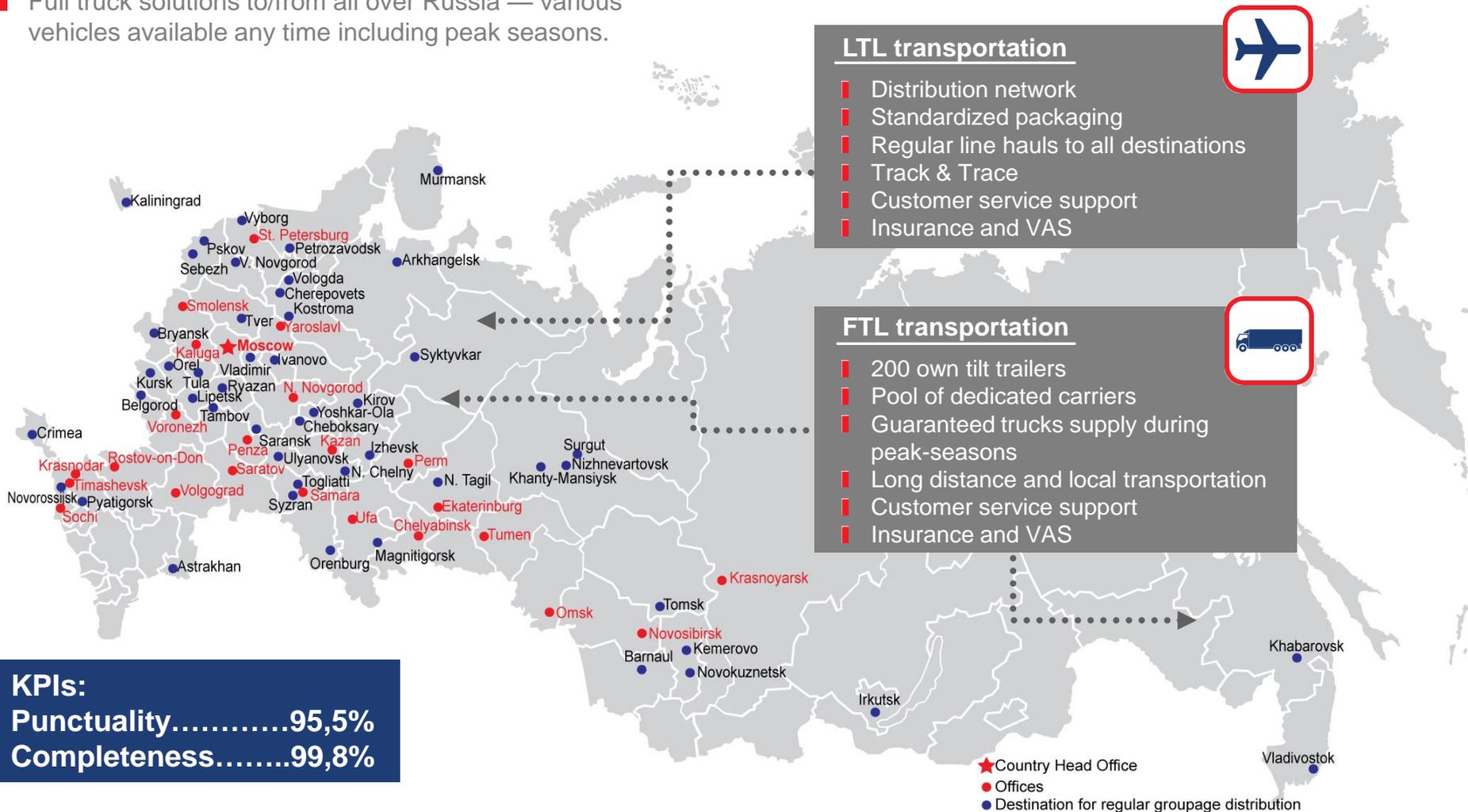
DB Schenker Russia - overview

Products

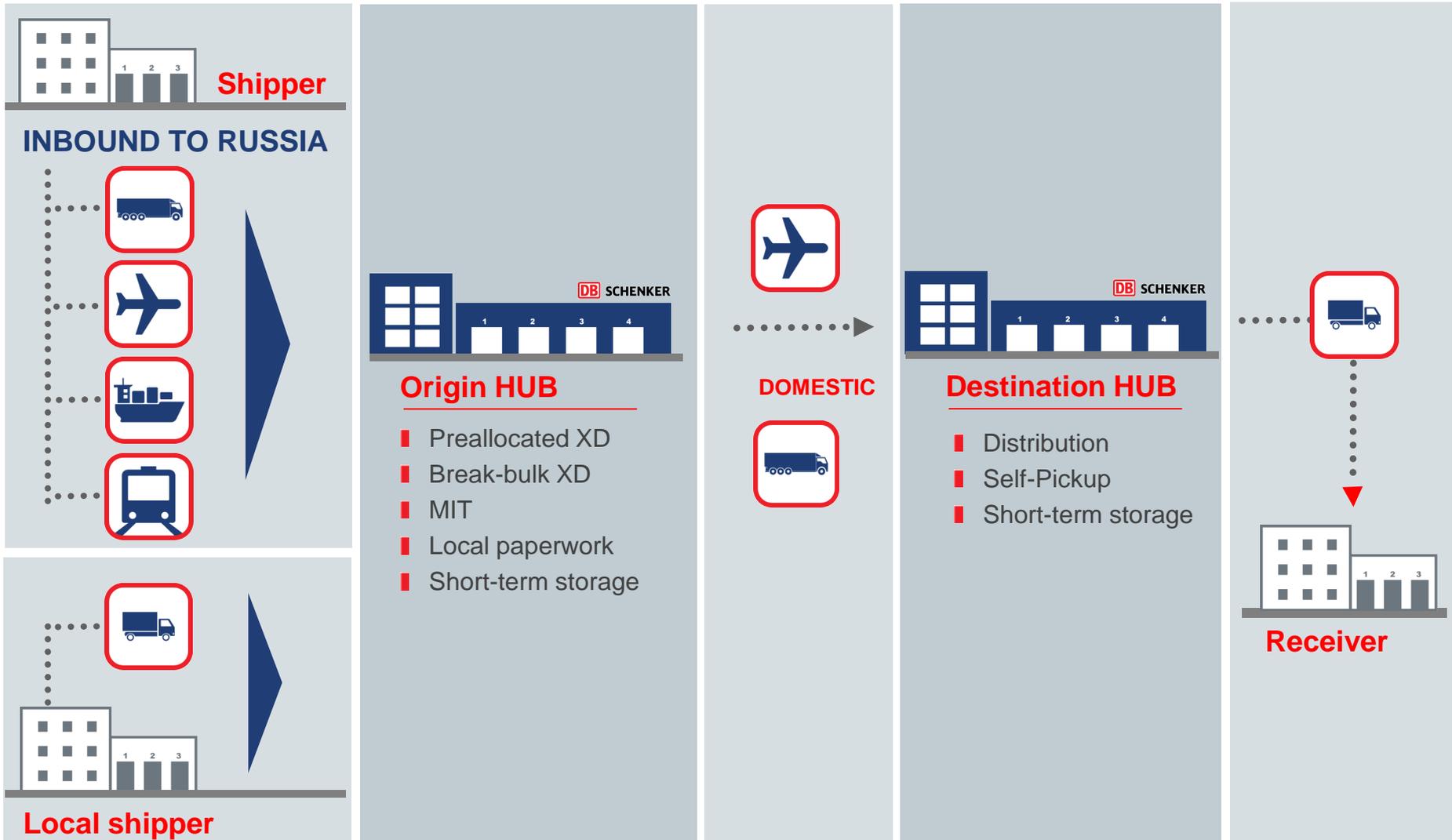


Domestic Land Transport

- Groupage and part load transportation via domestic LTL network (20 regional terminals).
- Full truck solutions to/from all over Russia — various vehicles available any time including peak seasons.



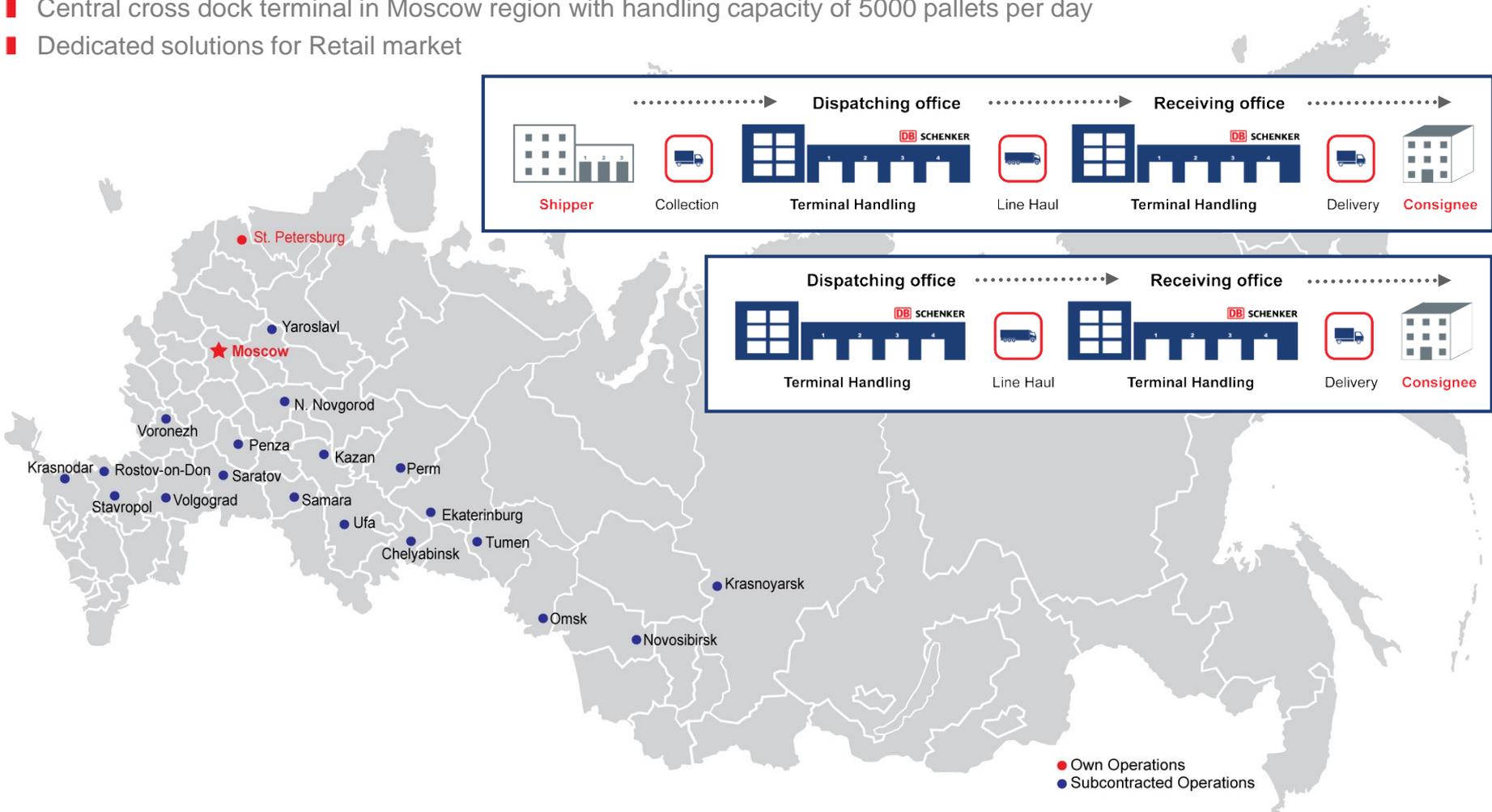
Standard scheme of operations



Domestic Land Transport

LTL network: all-Russia coverage via Schenker hub network

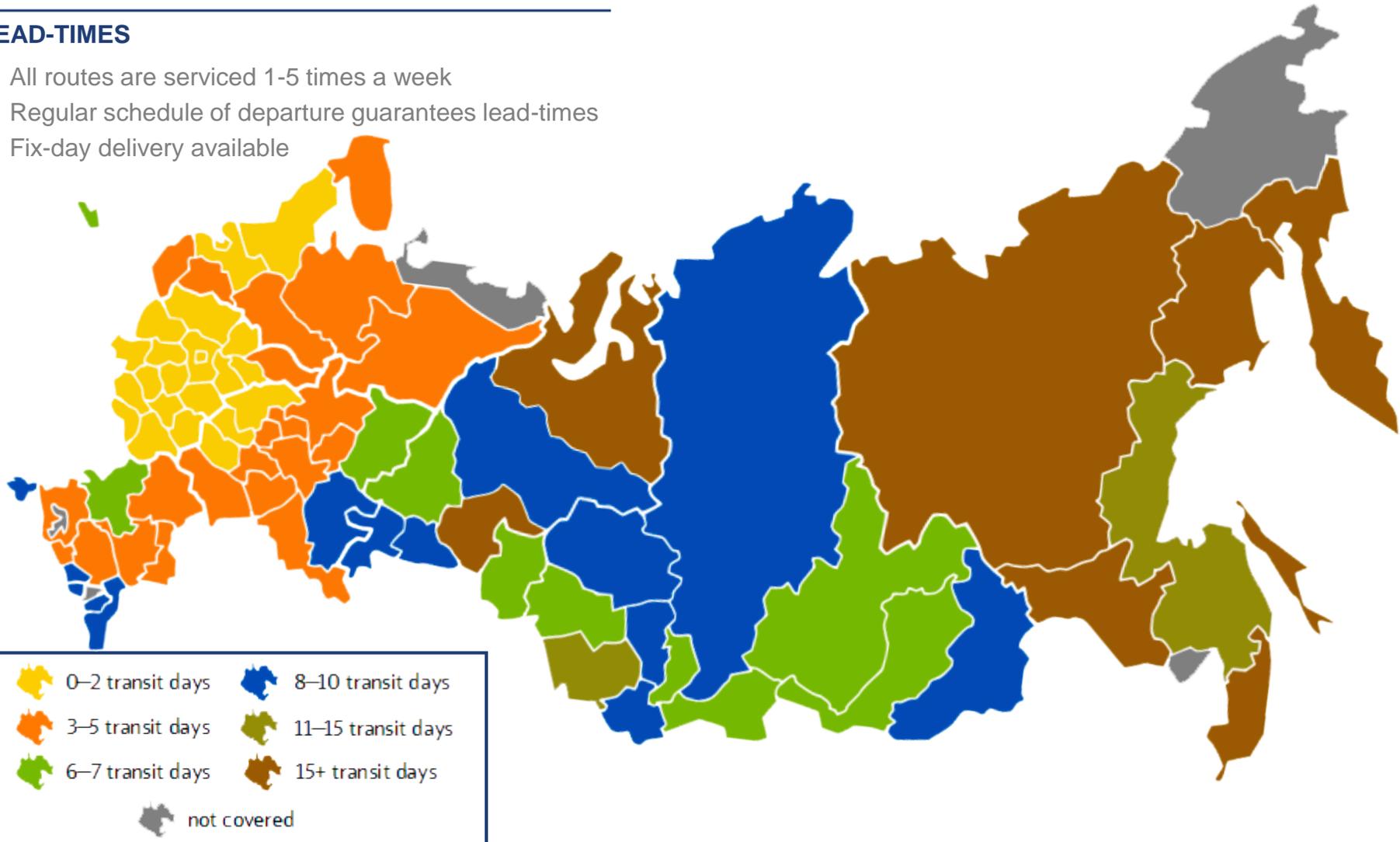
- Delivery Door-Door, Terminal-Terminal, Terminal-Door and Door-Terminal
- Domestic distribution network is developed since March 2005
- Central cross dock terminal in Moscow region with handling capacity of 5000 pallets per day
- Dedicated solutions for Retail market



Domestic Land Transport

LEAD-TIMES

- All routes are serviced 1-5 times a week
- Regular schedule of departure guarantees lead-times
- Fix-day delivery available



Domestic Land Transport

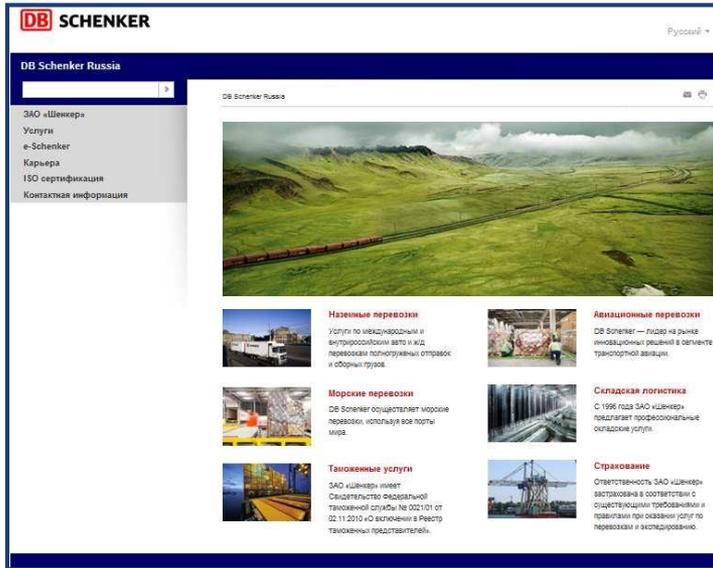


VALUE ADDED SERVICES

- Customer documents' return
- Insurance – coverage up to 5 MEUR
- Dedicated staff
- Reverse logistics
- MIT & break-bulk services
- Desk deliveries
- In-time deliveries



Domestic Land Transport



DB SCHENKER

DB Schenker Russia

ЗАО «Шенкер»
Услуги
e-Schenker
Карьера
ISO сертификация
Контактная информация

Наземные перевозки
Услуги по международным и внутрироссийским авто и жд перевозкам пользующимся отправкой и сборкой грузов.

Авиационные перевозки
DB Schenker — лидер на рынке международных линий в сегменте транспортной авиации.

Морские перевозки
DB Schenker осуществляет морские перевозки, используя все порты мира.

Складская логистика
С 1996 года ЗАО «Шенкер» предлагает профессиональные складские услуги.

Танкоочные услуги
ЗАО «Шенкер» имеет Свидетельство Федеральной таможенной службы № 0021/01 от 02.11.2010-г. включенный в Ресурсы таможенных представителей.

Страхование
Ответственность ЗАО «Шенкер» застрахована в соответствии с осуществляющими требованиями и правилами при оказании услуг по перевозкам и складированию.



История отправки		
Событие	Место регистрации	Дата
Приняты в терминал TP	Санкт-Петербург	15/08/11
Транспорт из терминала Санкт-Пете TD	Санкт-Петербург	15/08/11
Отправка на учете терминала MS	Москва	16/08/11
Транспорт из терминала Москва TD	Москва	16/08/11
Получил: A 08:00	Москва	22/08/11

Общая информация :

Номер Накладного листа	4003807536
Справочный номер отправителя	#317419;317849#
Вес	1.180,0
Принято евро-паллет	0
Подтвержденный	A

НАЗАД

ONLINE SHIPMENT TRACKING AT WWW.SCHENKER.COM.RU

- unique registration shipment number
- supplier's references
- data archive
- Personal account
- integrated with TMS

TRACK & TRACE

- On customer number level
- On shipment number level
- On customer reference number level

ON-LINE SELF-SERVICES

- Statistics and reports
- EPOD archive

Domestic Land Transport

INTEGRATION WITH SCHENKER EUROPEAN NETWORK – DOOR-TO-DOOR FROM EU TO RUSSIA

- International LTL delivery
- Import customs clearance
- Delivery to final destination in Russia
- Break-bulk and administrative services at Schenker hubs



Domestic Land Transport

DELIVERIES TO/FROM CUSTOMS UNION - DOOR-TO-DOOR RUSSIA ↔ KAZAKHSTAN AND BELARUS

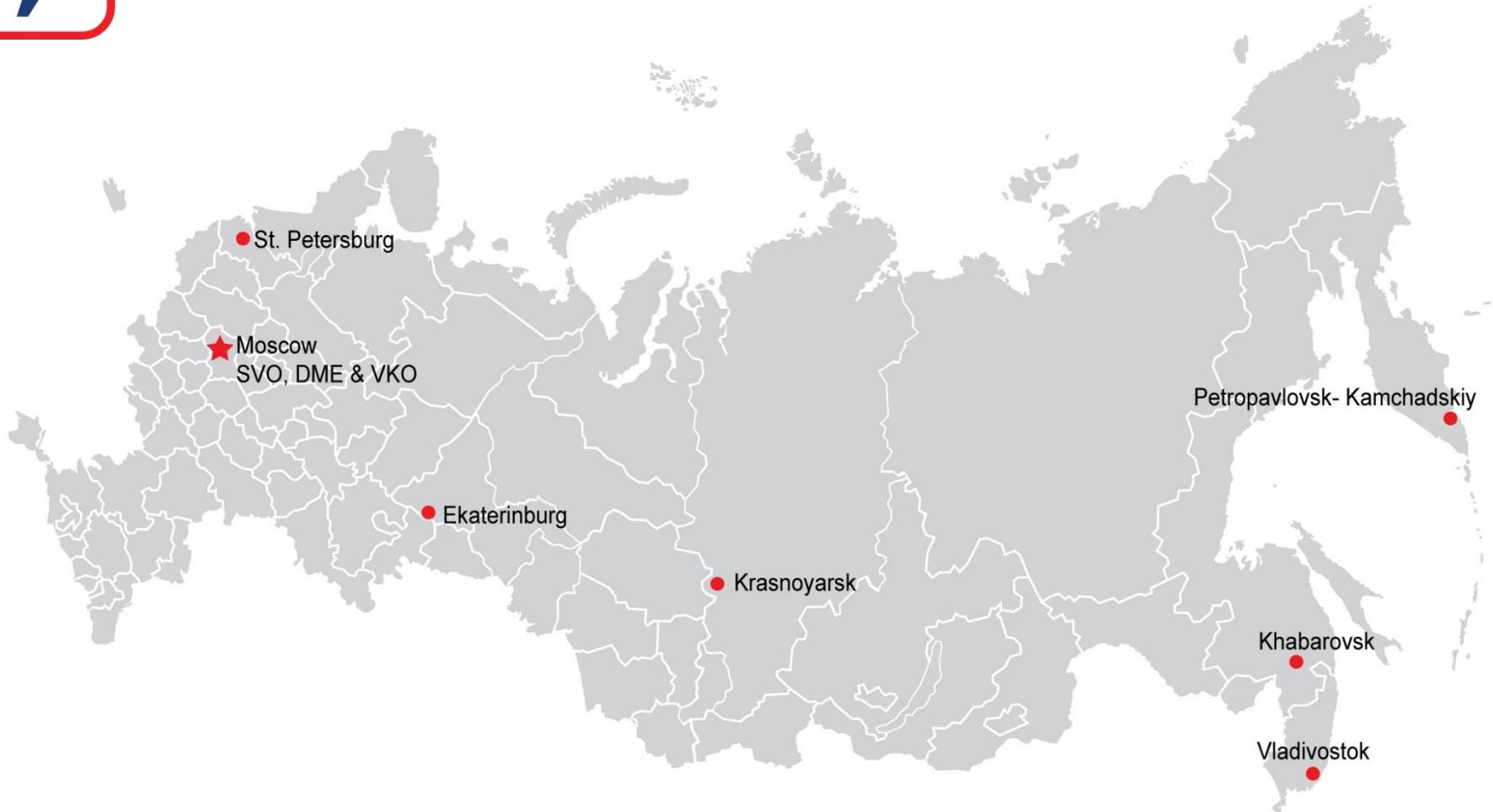
- Common customs space – transportation “without borders”
- Regular schedule of deliveries
- All Russia-domestic services available on intra Customs Union routes



Airfreight: Presence in Russia

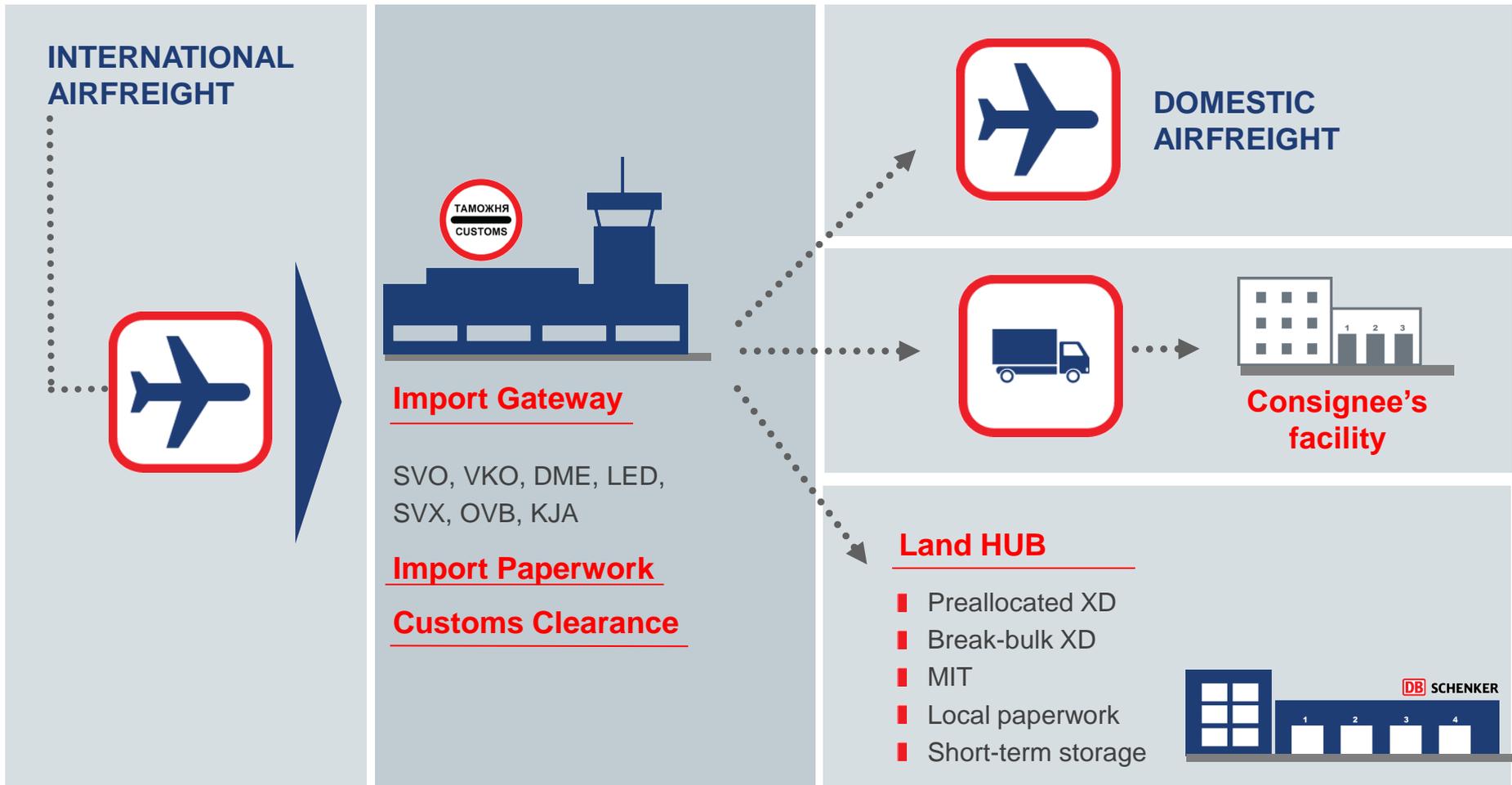


- Own setup in 7 of TOP10 airports: SVO, DME, VKO, LED, SVX, OVB and KJA
- Representatives in all airports in Russia (outsourced service)



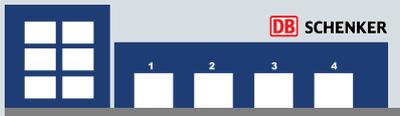
Airfreight: Import Operations

INTEGRATION WITH SCHENKER NETWORK – DOOR-TO-DOOR WW TO RUSSIA



Airfreight: Import Operations

INTEGRATION WITH SCHENKER NETWORK – DOOR-TO-DOOR WW TO RUSSIA



Land HUB

- Preallocated XD
- Break-bulk XD
- MIT
- Local paperwork
- Short-term storage



Export Gateway

SVO, VKO, DME, LED,
SVX, OVB, KJA

Export Paperwork

Customs Clearance



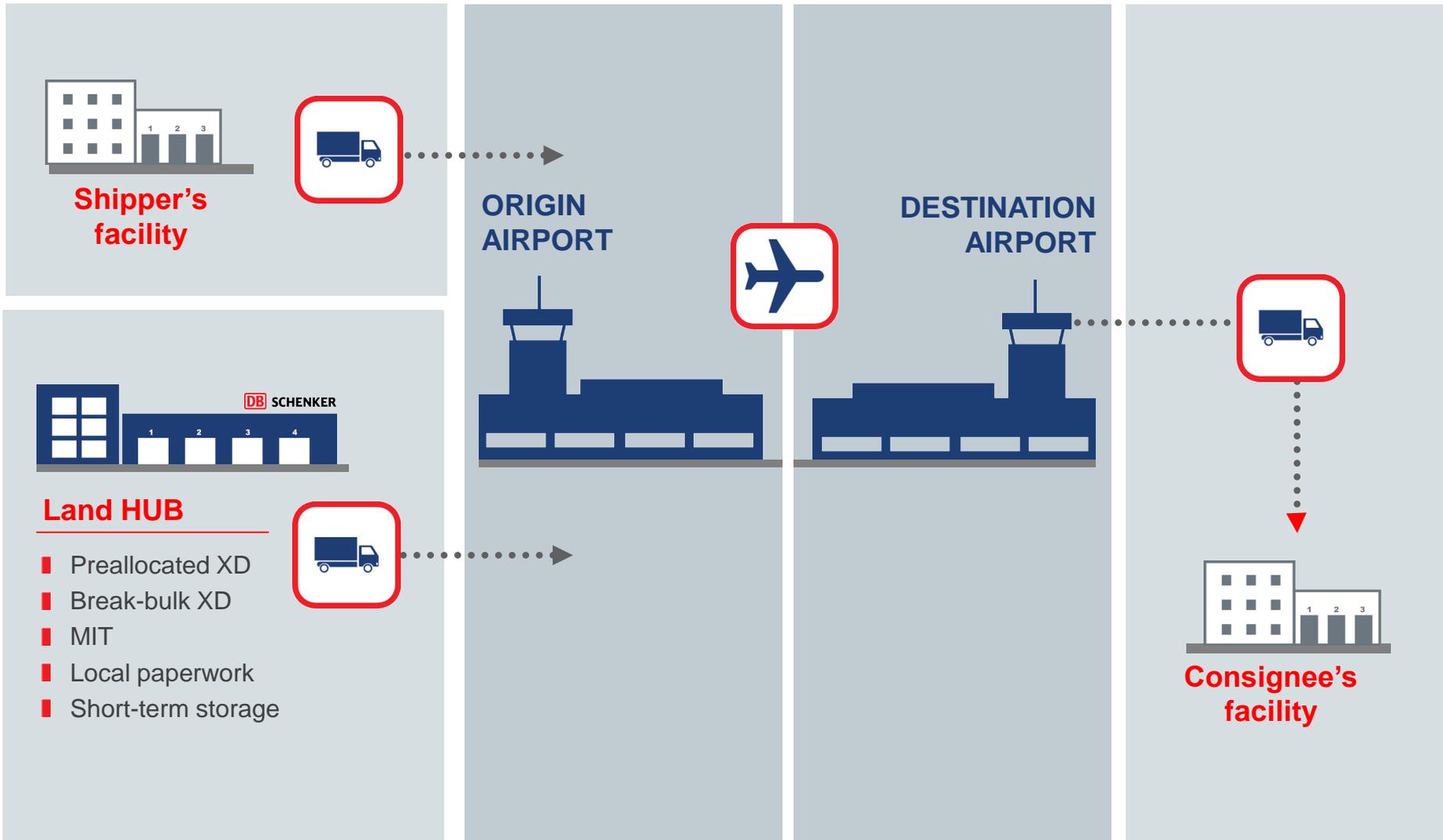
INTERNATIONAL AIRFREIGHT



Shipper's facility



Airfreight: Domestic Operations



Airfreight: Value Added Services



- Insurance – coverage up to 5 MEUR
- Dedicated staff
- 7/24 service for VM Aerospace
- Packaging of DG & Temp controlled shipments (in Moscow only)
- Desk deliveries
- In-time deliveries



DB SCHENKER Sky



Airfreight: Domestic Operations



DELIVERIES DOOR-TO-DOOR RUSSIA - CUSTOM UNION COUNTRIES

- Common customs space – transportation “without borders”
- Daily flight available

