

Press release | 10th April 2018

Quehenberger Logistics sees increase in turnover by 13 percent

- **On course to lead the way in the Eastern European contract logistics market**
- **Air + Ocean up 30 percent year-on-year**
- **2020 strategy: Focus on digitalisation**

Quehenberger Logistics' turnover soared in 2017: Of the total turnover of 488 million euros in 2016, 90 million euros went to the joint venture Q Logistics. Following a figure of 398 million euros for the same period last year, 450 million euros were generated organically at 85 locations in 2017. All of which represents an increase of 13 percent.

Growth drivers included the Direct FTL/LTL business area, complex retail services and contract logistics as well as air and ocean freight. Quehenberger Logistics achieved peak growth in Eastern Europe, where the company is already among the market leaders in several countries. Something which CEO Christian Fürstaller and CFO Rodolphe Schoettel announced at a Vienna press conference today, 10 April. The network of locations in the East is set to expand further in 2018, while Quehenberger plans to digitalise the company across the board by 2020.

"Not only did we outstrip our targets significantly in 2017, we also exceeded the industry average," commented CFO, Rodolphe Schoettel. In Eastern Europe, the locations were further expanded and the storage area was increased by 72,000 m² to 260,000 m², due to opening eight new warehouses. As well as expanding its service scope, the business segment Air + Ocean successfully boosted turnover by 30 percent to 36 million euros within a year. In Contract Logistics meanwhile, turnover has tripled to 35 million euros over the past five years. Schoettel expects the current pace to continue this year. The CFO plans a turnover of 494 million this year, a jump of almost ten percent over 2017.

Leading position achieved in several markets

Its growth trajectory of recent years has seen Quehenberger Logistics build up a leading position in several Central and Eastern European markets. International companies from automotive, tyre, fashion, FMCG and retail industries in particular rely on Quehenberger's strong Eastern Europe network to form efficient logistics solutions there.

More than 100,000 square meters of warehouse space mean the Austrian company is now one of the top logistics companies in Romania. Indeed, in autumn 2017, it was named "Rise of the Year" at the Transport and Logistics Gala in Romania. In Croatia, meanwhile, Quehenberger already operates six warehouses in the Zagreb area with more than 400 employees. In 2017, three warehouses of a beverage manufacturer in Zagreb and Split were taken over. The Quehenberger locations in Slovakia and Bulgaria, where a new warehouse rolling out value-added services is operated in Sofia, also grew strongly. Since March 2018, Quehenberger has also had its own location in Almaty, Kazakhstan.

Quehenberger Logistics is also expanding its presence in Austria. January 2018 saw the takeover of Alpin Spedition in Kirchbichl in Tyrol. At the Eberstälz location in Upper Austria, the storage area is set to be expanded by 11,000 square metres this year.

Growth with customer-specific solutions

Quehenberger Logistics significantly expanded its Contract Logistics business in Central and Eastern Europe in 2017. "High solution competence, specific industry insights and streamlined decision-making are what underpin our sustainable growth," emphasised CEO Fürstaller. His company has developed into an efficient full-service logistics provider; capable of meeting virtually any customer requirement. Many years of experience in Eastern European countries and reliable Europe-wide and global partnerships would also help more and more customers rely on Quehenberger when outsourcing their complex logistics solutions. International customers appreciate how Quehenberger implements uniform transport and logistics solutions in all countries through group-wide key account management.

New projects for 2017 included, as well as the operation of an e-commerce and distribution warehouse for a well-known German shoe retailer in Romania and distribution for a Romanian textile retailer in several neighbouring countries, the expansion of central logistics for an international food retailer in Croatia or the operation of a central warehouse for a multinational tyre manufacturer in Slovakia.

In order to expand Air + Ocean's activities in Eastern Europe, a port office was opened in Constanta, Romania, which optimally complements the existing offices in Hamburg, Koper, Rijeka, Odessa and St. Petersburg. New services and customised solutions have both proven their worth. For example, the new Q Air Aerospace service meets highly specific aviation industry requirements. Q Air Pharma and Q Ocean Pharma have successfully completed Good Distribution Practise (GDP) certification to ensure compliance with the sensitive safety and quality requirements of this industry.

2020 strategy: Focus on digitalisation

With the "Quehenberger Logistics 2020" project, the company is set to push forward with its digitalisation on a massive scale. Indeed, the foundations needed for the same - uniform processes and a consistent IT architecture - are already in place. Efficiency is now set to rise in all areas, while the value-adding part of the work will come to the fore. "To optimally exploit the opportunities offered by Logistics 4.0, we must gear our entire corporate culture around this change," said CEO Fürstaller, in explaining the decision. "As an owner-operated, medium-sized company, Quehenberger Logistics has the flexibility needed and the will to be a prime mover as far as these innovations are concerned. Moreover, rapid decisions and implementation are a must in this area." said Fürstaller, reaffirming the importance of data quality to underpin the ongoing digitalisation of business processes. The prerequisite for harnessing all the opportunities of digitalisation is a complete, digital network with all business partners.

The first pilot projects have already been launched. For example, dynamic dispatching with automatic document management was introduced at five locations in the Direct FTL/LTL business area. The new software digitally maps the entire business case, from the customer base and acquisition and scheduling to invoicing and sub-controlling. This slashes throughput time and automates individual processes such as truck scheduling to a large extent.

Skilled workers: Focusing on OJT

To meet the demand for highly trained specialists for the growth course, Quehenberger Logistics uses more and more resources for internal training and further education. Career starters and young professionals brimming with potential are trained within practice-oriented modular systems. The "Young Generation Program" has established itself effectively, with around 70 apprentices and trainees successfully completing the first stage of training as logistics specialists

every year. The "Young Professional Program" is aimed at young employees and trains them to become managers within the company. In the Direct FTL/LTL business field, a separate dispatcher training course will be developed in 2018 to optimally train the new requirements of digital disposition at an early stage.

Driver shortage prompts a high degree of urgency

Quehenberger Logistics sees the current shortage of truck drivers as a great challenge - which it wants to address with countermeasures. "The profession no longer appeals and must be upgraded," emphasised Christian Fürstaller. He is considering shift models to reduce working hours, a clear job profile instead of assigning a "girl for everything" and higher pay. Modern equipment with high driving comfort and the use of digital tools for easier handling would also improve working conditions. Regardless, the company is set to break new ground imminently, announced Fürstaller. Because until the introduction of autonomous driving, the following rule applies: "No driver, no transport."

Q Logistics: Further restructuring requirement

The first fiscal year of the joint venture between Quehenberger Logistics and the ÖBB was mixed. Alongside Q Logistics, the two companies operate what is Austria's largest general cargo network. Here, over the past year, numerous integration steps were taken in terms of locations, services and the customer world. "The extensive integration tasks amid the boom were difficult to cope with. The different cultures and process worlds were underestimated, meaning the realignment of the new company took longer than planned.

Even so, a new management structure was established and a number of experienced managers brought on board into the company. With the new managing directors Anna-Theresa Korbitt and Josef Berner, we want to make decisive progress in the first half of the year so that Q Logistics can also fully exploit its leading market position from an operational perspective," the confident words of Fürstaller. The clear goal for 2018 is to drastically reduce losses to date, while a turnaround is planned for 2019.