



TVK CONSULT
Unternehmerberatung

Freight cost optimization
and securing international
supply chains

FREIGHT COST OPTIMIZATION

ZIM EUROPE
MONROVIA
IMO 9180154

FREIGHT COST OPTIMIZATION

Status Quo:

Increased volatility of freight costs, decreased reliability, and high uncertainty.

Causes and classification of the current situation on the global freight market.

2020-2022: Sevenfold increase in global freight rates.

The global pandemic and events such as the blockade of the Suez Canal by the 400-meter container ship "Ever Given" have highlighted the sensitivity of global supply chains. The consequences of these externalities: A sevenfold increase in the global freight rate for 40' containers from \$1,500 to \$11,000 within two years. At the same time, the reliability of goods traffic has plummeted - container ships' adherence to deadlines has fallen from around 70% to less than 30% at rock bottom.

Inflation-driven easing continues, uncertainty due to external factors remains high, pandemic not yet fully overcome.

The inflationary environment is clouding economic expectations. Full warehouses and sensitized purchasing behavior are leading to falling demand in the freight market. Freight rates have corrected by over 60% since the high in January 2022. However, the effects of the pandemic have not yet been overcome: Germany's most important import trading partner is maintaining its consistent zero-tolerance policy. China sometimes puts entire cities into lockdown. Several factories and ports in the Middle Kingdom were temporarily shut down in 2022. According to the member companies of the German Chamber of Commerce in China, the pandemic control measures in the People's Republic are having a severe impact on logistics, warehousing and supply chains, even disrupting them completely, for more than 50% of German companies.

Geopolitical tensions & conflicts: Ukraine war.

The war in Ukraine and associated blockades of trade routes, economic sanctions and ultimately increased energy prices are having an impact on the economy and global trade, leading to expectations of recession.

manager magazin

Wichtiger Hub teilweise geschlossen

Shanghai-Lockdown verteuert
Welthandel

The New York Times

Russian Sanctions Snarl Shipping
Even as Pandemic Pressure Eases

Bloomberg

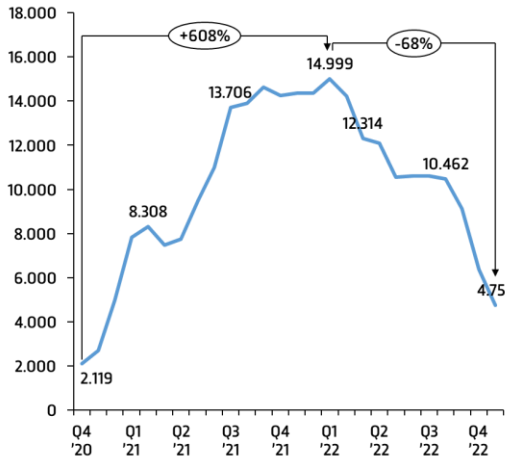
The World Economy's Supply Chain

Handelsblatt

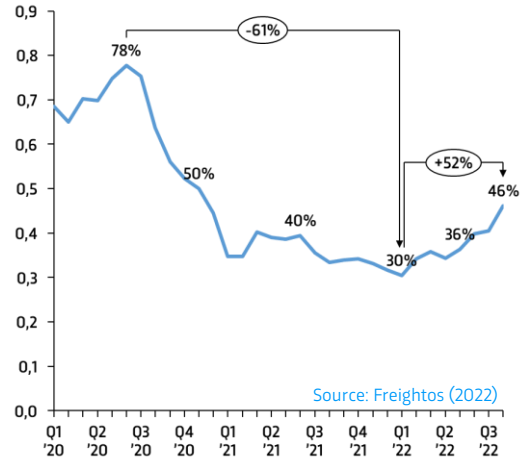
Gestörte Zugstrecken, Lkw-Engpässe

MARKET REVIEW

Average freight rates from China/East Asia to Northern Europe (USD)



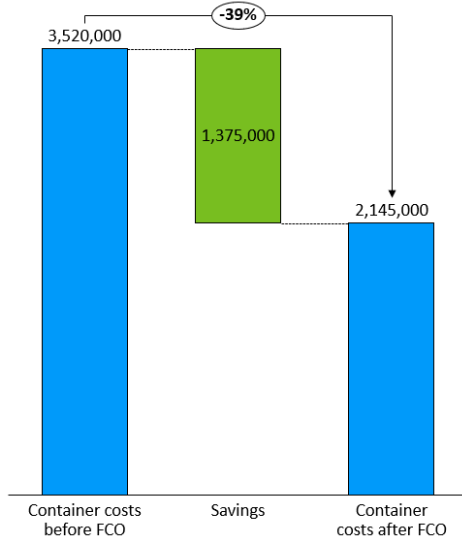
Average adherence to deadlines of large container ships (%)



After the strong pandemic-related increase in freight rates, especially for the China/Northern Europe route, there is now a significant correction. The decreased reliability of the flow of goods is also normalizing. Our FCO experts see an opportunity in taking advantage of the current market environment and entering longer-term contracts to hedge against counter movements. TvK Consult expects increased volatility in freight rates and reliability in the medium term. The reasons for this are pessimistic economic expectations and great uncertainty regarding external influencing factors and geopolitical conflicts.

FCO CASE STUDY: CUSTOMER EXAMPLE

Realized FCO savings of one year (USD)



- Volume: 800 TEU
- Contract rate: 550 TEU
- Price spot market: 4,400 USD
- Price FCO contract rate: 1,900 USD
- Savings / Container: 2,500 USD

- + Approx. 115,000 USD monthly savings
- + Long-term space & equipment guarantees
- + Compensation for non-provision
- + Mapping of all required ports
- + Variable weekly shift between the ports possible with timely information



FREIGHT COST OPTIMIZATION

Full speed ahead:
Effective immediate
measures without
additional cost risk

The expertise of TvK Consult increases the profit of our customers.

Direct actions to quickly reduce costs, ensure a smooth flow of goods, and anticipate future market developments.

The expertise of TvK Consult is to exploit cost saving potentials in the freight transport of our customers across all industries. We identify potential hazards for international cargo handling at an early stage. Our freight experts create cost efficiencies, minimize uncertainty in our customers' supply chains, and prevent disruptions. And this without any additional cost risk on the customer side. The goal is to stand by TvK Consult's customers as a reliable and results-oriented partner in the long term.

- + **Reduction of freight costs through in-depth market knowledge and a broad, reliable partner & logistics network**
- + **Immediate, individual measures without additional consulting costs on the customer side through our savings participation model**
- + **Increased planning security through long-term contracts with space and equipment guarantees**
- + **Continuous support of TvK Consult even after the successful implementation of the FCO**



THE FCO-FLOW

TvK Consult's FCO: Short process in freight cost optimization.

Predefined approach with individual & needs-based design.



1. Customer analysis & strategy development
2. Market sounding & evaluation
3. Contract design & conclusion
4. FCO implementation

Time matters:

From contract award to successful implementation in 4-6 weeks



FCO EXPERTISE

Your contact persons.

Experienced. Results-oriented. Integer.



Dr. Thomas van Kaldenkerken

Managing Partner



Dr.-Ing. Maxime Goubeaud

Manager

TvK Consult is different, guaranteed!

We have your company's best interests at heart. Your goals are our goals. Together, we develop ambitious solutions that increase your profitability and sustainably promote competitiveness. Our team consists of men and women who have worked in management/board functions, as shareholders and supervisory board members for many years.

Sustainable customer satisfaction

Increased freight costs have a direct impact on the bottom line. Our aim is to reduce your costs demonstrably and sustainably. That is why our remuneration model is performance-based. This not only creates maximum motivation, but also eliminates risk on the customer side.



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