SCI/VERKEHR BERLIN 2011

SCI MULTICLIENTSTUDIEN

BUSSES – GLOBAL MARKET TRENDS

Markets – Competition – Companies – Key Figures

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Markets – Competition – Companies – Key figures

Urbanisation, increasing mobility of people and climate change result in a growing demand for efficient and modern public transport systems. Bus transport is such an environmentally friendly mode. Thus, despite transport markets around the world contracted as a consequence of the crisis, the global bus market has remained relatively stable. Especially the city bus segment recorded a growth thanks to a strong public-sector demand.

Based on the current developments, this Multi Client Study delivers an analysis and well-founded estimate of the market for buses.

In concrete terms, the market study "Busses – Global Market Trends" includes:

- A regionally differentiated look at the worldwide market for buses
- A comprehensive analysis of the relevant market data including present and future market volumes
- Information concerning the installed fleet and future procurement potential until 2015
- An assessment of current developments and growth drivers of the worldwide bus markets in the individual regions
- An overview of bus manufacturers including an analysis of the market shares, financial backups as well as a brief description of the current product portfolio and strategy outlook
- A list of the major production facilities in each of the regions including product range as well as production capacities

The study is available in English from ***March 2011*** at the price of EUR 2,800 plus VAT and postage.

SCI Verkehr is an independent consultancy company for the transportation sector with activities around the world. We specialise in strategic advice to the railway and logistics industry. We have close connections to the rail and logistics industry, with consultants in a wide range of specialist fields. We have an extensive network of experts in Germany and abroad, and we specialise in market and strategy aspects for the mobility sector. Our activities focus on companies in the transport and rail industry, logistics, public and private transport companies and transport and economics departments in public administration at federal, regional and community level.

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TABLE OF CONTENTS

Trends and drivers of the market

1.1.1 Public transport systems and its operators

[…]

Until a few years ago, urban bus transport was provided by municipal operators in most of the cities. However, this changed in several countries due to the push from the European Union to open the market in the 1990s. Since then, several large operators such as Arriva (UK), FirstGroup (UK), StageCoach (UK), Veolia Transport/Transdev (France) or Keolis (France) have emerged and run several bus systems in Western Europe but also in other regions. Among others, some lines in the London bus network are operated by Arriva, First and Trandev. Several small bus companies in Germany are held by subsidiaries of Veolia and Keolis and the bus services in the Scandinavian capitals are operated by Keolis and Veolia subsidiaries.

Even though Western Europe has a dense high-speed rail network, intercity bus transport is still alive. Operators of long-distance bus services focus more on specific target groups: students, elderly, people with no access to cars and poorer people in general. While intercity services are often operated through numerous local, small, family operators, the continuous expansion of a few European-wide operators is noticeable, among others Eurolines, a network of co-operating bus companies from all over Europe, offering integrated ticketing and extensive connections.

France and Germany, though two of the main European countries regarding performance in urban bus transit, remains effectively closed as far as long-distance bus services are concerned. However, an opening of both markets is expected: concrete steps for liberalisation and deregulation are being taken in France whereas in Germany, the opening of long-distance bus services is included in the new coalition agreement for the Federal Government.

1.1.2 Demand structures and regulations

Due to the differing levels of market opening and deregulation regarding operators demand for buses differs widely within the European Union. However, in a general view, the market is characterised by demand both from public as well as from strong private operators, often included in large private holding companies such as Stagecoach, FirstGroup or Veolia-Transdev. Notable is the acquisition of the former private operator Arriva from the German state-owned operator Deutsche Bahn AG, which is shifting private demand to public demand.

Harmonisation of technical standards in Western Europe

Western European regulations are becoming more and more standardised.

[…]

Emission standards in the European Union

The EU has emissions standards in place to reduce the environmental impact of cars and buses. Standards highly affect the purchasing decision of operators.

[…]

Funding for green technology

In April 2009, the European Union adopted the 2009/33/EC directive on the promotion of clean and energy-efficient road transport vehicles. […]

Vehicle certification

Certification of vehicles in EU-member states is subject to admission requirements in each state[…]

1.2 Market volumes and Outlook

[…]

1.2.1 Vehicle delivery

In total, around […] new buses were registered in Western Europe in 2009. Between 2008 and 2009, bus deliveries dropped by almost 9% as a consequence of the financial crisis.

[…]

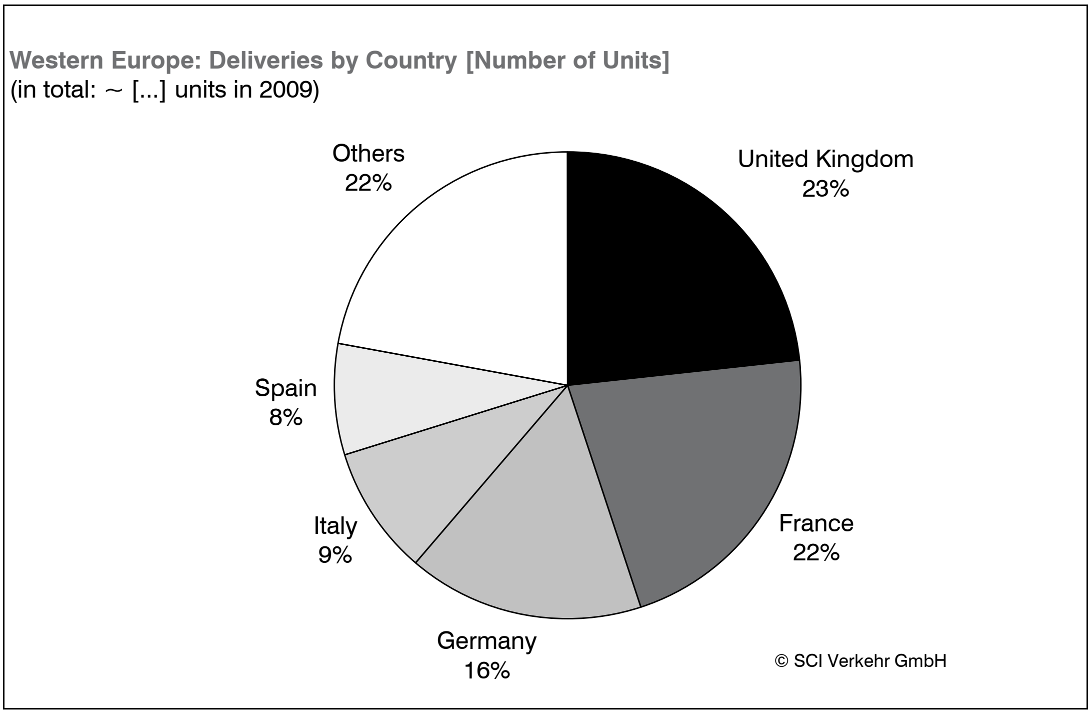

Figure 1:
Western Europe: Bus registrations by country 2009

Detailed information about UK, France, Germany and Italy are available in the study.

1.2.2 Outlook

SCI Verkehr expects average yearly deliveries of about […] buses in the timeframe 2010 to 2015 in Western Europe.

[…]

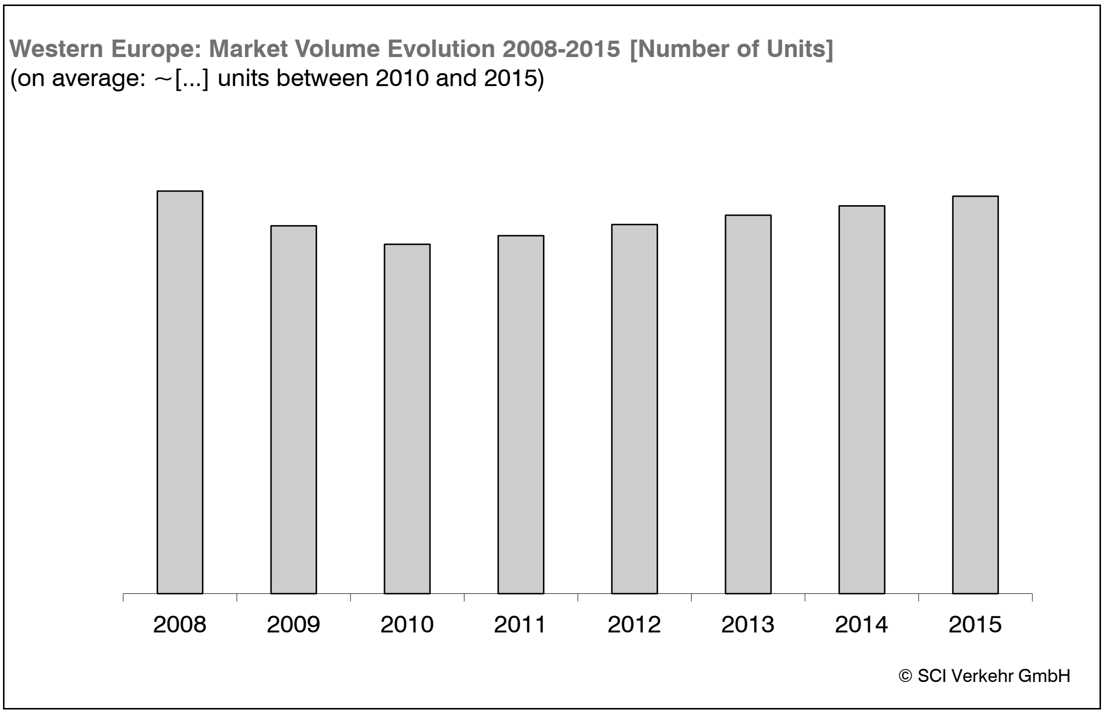

Figure 2:
Western Europe: Evolution of the market volume 2008–2015

1.3 Competition, Production and Market Shares

1.3.1 Manufacturers and Production

In 2009, about 27 000 buses were produced in Western Europe. Compared to the previous year, the overall output decreased by 14% as a consequence of the negative economic context.

[…]

The production sites are well scattered all over the region.

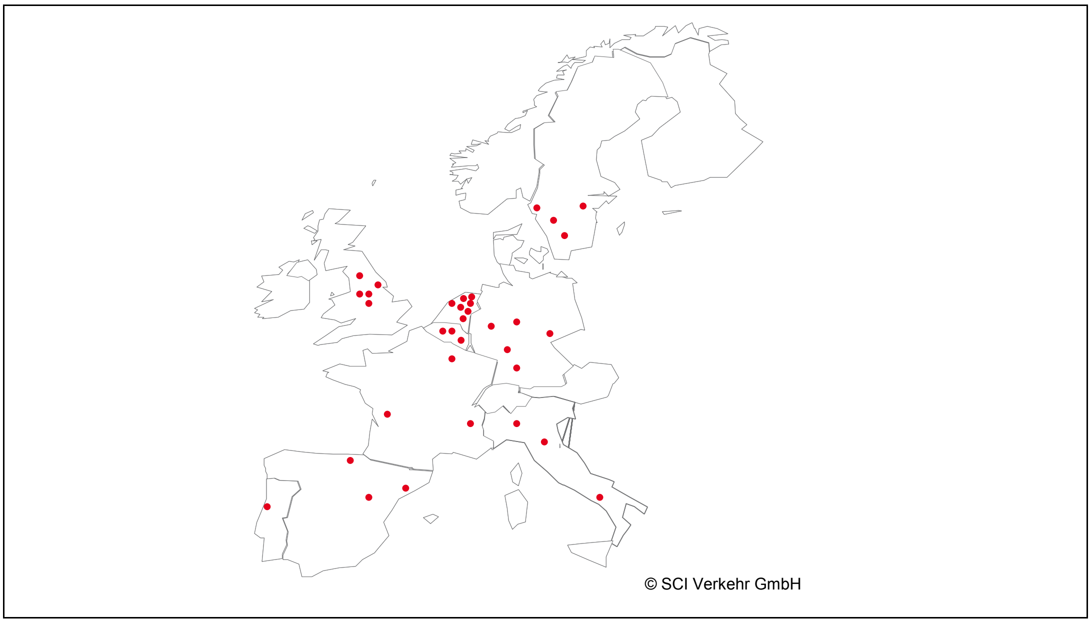

Figure 1:
Western Europe: Major bus production sites

Detailed information about UK, France, Germany and Italy are available in the study.

In a typical year, registration of buses and coaches in Western Europe make up less than 10% of the global market. Nonetheless, European manufacturers have a large amount of influence on global markets through overseas subsidiaries, joint ventures, licensing agreements, assembly operations and partnerships with selected bodybuilders.

1.3.2 Market Shares

In 2009, three manufacturers accounted for more than 50% of the registrations. […]

[…]

Western Europe: Major production sites				
Country	**Manufacturer**	**Plant**	**Product Portfolio**	**Comment**
[…]	[…]	[…]	[…]	- […]
France	Daimler	Ligny-en-Barrois	City buses Intercity buses Coach Minibuses	- Paint shop, assembly and finish of Mercedes-Benz city and intercity buses, Setra coaches and intercity buses; assembly of Mercedes-Benz minibuses - Workforce: 424 - Surface: 35 000 m²
[…]	[…]	[…]	[…]	- […]

11 The top 30 manufacturers worldwide

Manufacturer in alphabetical order	Country	Region
Alexander Dennis Limited	UK	Western Europe
Ankai	China	Asia
Ashok Leyland	India	Asia
Daimler AG	Germany	Western Europe
Daewoo Bus	South Korea	Asia
GAZ OAO	Russia	Eastern Europe
Gillig Corporation	USA	Northern America
Hess AG	Switzerland	Western Europe
Hino Motors	Japan	Asia
Hyundai Motor Company	South Korea	Asia
Isuzu	Japan	Asia
Iveco Irisbus	France	Western Europe
LAZ	Ukraine	Eastern Europe
MAN Truck & Bus	Germany	Western Europe
Marcopolo	Brazil	Southern America
New Flyer of America	USA	Northern America
North American Bus Industry Inc.	USA	Northern America
Optare Plc	UK	Western Europe
Otokar	Turkey	Eastern Europe
Scania AB	Sweden	Western Europe
Solaris Bus & Coach S.A.	Poland	Eastern Europe
Tata Motors	India	Asia
Thor Industries	USA	North America
Van Hool N.V.	Belgium	Western Europe
VDL Bus & Coach	Netherlands	Western Europe
Volgren Australia Pty Ltd	Australia	Australia / Pacific
Volvo Bus Corporation	Sweden	Western Europe
Xiamen Golden Dragon Bus Co.	China	Asia
Xiamen King Long United	China	Asia
Zhengzhou Yutong Bus Co., Ltd.	China	Asia

1.1 Alexander Dennis Limited

Facts and figures	
Strategic position	- One of Britain's largest manufacturers of bus chassis and bodies - Market leader in UK with a share of 26% (2009) - Additional key markets: Hong-Kong, Far East and North America - Market share Europe 2009: 3.7%
Headquarters	Edinburgh, UK
Website	www.alexander-dennis.com
Shareholder	Brian Souter and Ann Gloag (together 39.3%) Noble Grossart (29.5%)
Major subsidiaries and affiliates	- Alexander Dennis (Far East) Limited - Alexander Dennis Incorporated (USA) - Plaxton Limited (UK)
Employees, total (2008)	1 900 (Alexander Dennis & Plaxton)
Turnover, total (2009)	EUR 357 million
Profit, total (2009)	EUR 3.9 million
Turnover with buses (2009)	- EUR 357 million - Share in total turnover: 100%

Product Portfolio				
Brands for buses	**Alexander Dennis**	**Plaxton**		
Market segments	- City bus - Intercity bus - Coach - Midibus - Chassis			
Drive technologies	- Diesel - Diesel-electric hybrid			

Company development
History Alexander Dennis Limited (ADL) was established in May 2004 following the acquisition of various manufacturing, marketing and after-market operations formerly owned by TransBus International. The company initially started off in 2001 as Transbus, following the merger of Walter Alexander Coachbuilders, Dennis Chassis (both owned by the Mayflower Group) and Plaxton. In May 2004, a consortium of business entrepreneurs acquired the major part of the bus manufacturing operations previously held by TransBus International. The purchase did not however include the Alexander Belfast plant, which later closed down. Alexander Dennis takes pride in being Britain's only manufacturer of full-size bus chassis and the biggest bus bodybuilder. Production The company's main production sites include Guildford, Surrey (chassis production) and Falkirk, Stirlingshire (body production). Currently, Alexander Dennis manufactures a full range of bus chassis and body options, as well as integrated single and double deck vehicles for the UK, Far East and North America. Strategy Since its creation, Alexander Dennis has secured a number of major orders from UK operators, and is the favoured manufacturer of the Stagecoach Group. According to the company's own statement, Alexander Dennis is the market leader in the key UK bus sectors with an installed fleet of around 70 000 vehicles. The company has also continued to find success in its predecessors' traditional markets of Hong Kong, where it is the market leader, and Ireland. ADL uses its Hong Kong base to expand into further markets in Asia and Oceania where the company sells buses mainly in China, Singapore, Australia and New Zealand. Alexander Dennis is also building its share of the North American market. The company is fully Buy America-compliant enabling it to manufacture in the USA. Alexander Dennis plans to enter the continental Europe market for buses, with a special focus on Eastern Europe, with the launch of a left-hand-drive single-deck hybrid bus in autumn 2010. This will be the first step in a global export campaign. Currently, Alexander Dennis sells about 70% of its buses in UK and Ireland. The company aims to generate one third of its business in the Far East and Asia, one third in North America and one third in Europe. Current results Alexander Dennis was the top supplier of buses and coaches in UK in 2009. ADL was one of the few manufacturers able to buck the downward trend with deliveries up from 981 in 2008 to 1 135 in 2009.

Production sites

Country	Plant	Product Portfolio	Comment
UK	Guildford	[…]	- […]
[…]	[…]	[…]	- […]

Major delivery projects 2005-2010				
Year	**Country**	**Operator**	**Product**	**Further information**
[…]	[…]	[...]	[…]	- […]
2010	UK	Stagecoach (Oxford)	Enviro400H	- Delivery of 26 city buses - Hybrid buses - Manufactured in Falkirk and Guildford - Support from the Green Bus Fund which provides financial incentives to adopt green technologies
[…]	[…]	[...]	[…]	- […]

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