

2017



BUSES – GLOBAL MARKET TRENDS

Markets – Competition – Companies – Key Figures

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Markets – Competition – Companies – Key figures

In all regions across the globe, buses remain the most widespread public transport mode. Their demand goes hand in hand with several, mostly region-specific factors, including demographics, increasing mobility of people and environmental awareness, as well as public funding. Buses are comparatively to other transportation modes cheap and easy to use, since their use does not necessarily require the implementation of a specific infrastructure. This makes buses ideal vehicles for both short- and long-distance services.

Based on the current developments, this Multi Client Study offers a comprehensive insight into the structure, volumes and development trends of the worldwide bus market.

In concrete terms, the market study “BUSES – GLOBAL MARKET TRENDS” includes:

- A look at the worldwide market for buses differentiated by region
- An analysis of the relevant market data including present and future market volumes
- Information concerning the installed fleet and future procurement potential until 2022
- 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
- Presentation of the development stage of alternative propulsions, their manufacturers and their occurrence worldwide

The study is available in English from the **August 2017** at the price of EUR **3,400** plus VAT.

SCI Verkehr is an independent consultancy company for the transportation sector with activities around the world. We specialise in strategic advice to the bus, railway and logistics industry. We have close connections to these industries, 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, bus 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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CONTENTS

1	Executive summary	14
2	Market delimitation and methodology of the study	22
3	The bus market in Western Europe	27
3.1	Market environment	27
3.2	Market volumes and outlook.....	32
3.3	Competition, production and market shares	39
4	The bus market in Eastern Europe	47
4.1	Market environment	47
4.2	Market volumes and outlook.....	51
4.3	Competition, production and market shares	56
5	The bus market in the CIS	66
5.1	Market environment	66
5.2	Market volumes and outlook.....	69
5.3	Competition, production and market shares	75
6	The bus market in North America.....	82
6.1	Market environment	82
6.2	Market volumes and outlook.....	87
6.3	Competition, production and market shares	91
7	The bus market in South and Central America	100
7.1	Market environment	100
7.2	Market volume and outlook	104
7.3	Competition, production and market shares	109
8	The bus market in Asia	117
8.1	Market environment	117
8.2	Market volumes and outlook.....	125
8.3	Competition, production and market shares	132

9	The bus market in Africa/Middle East	153
9.1	Market environment	153
9.2	Market volumes and outlook.....	158
9.3	Competition, production and market shares	163
10	The bus market in Australia/Pacific.....	174
10.1	Market environment	174
10.2	Market volumes and outlook.....	177
10.3	Competition, production and market shares	181
 ANNEX		
1	Top Manufacturers Worldwide – Factsheets.....	186

1 Executive summary (excerpt)

[...]

Bus fleet

World: installed fleet per region 2016 [thousand units]

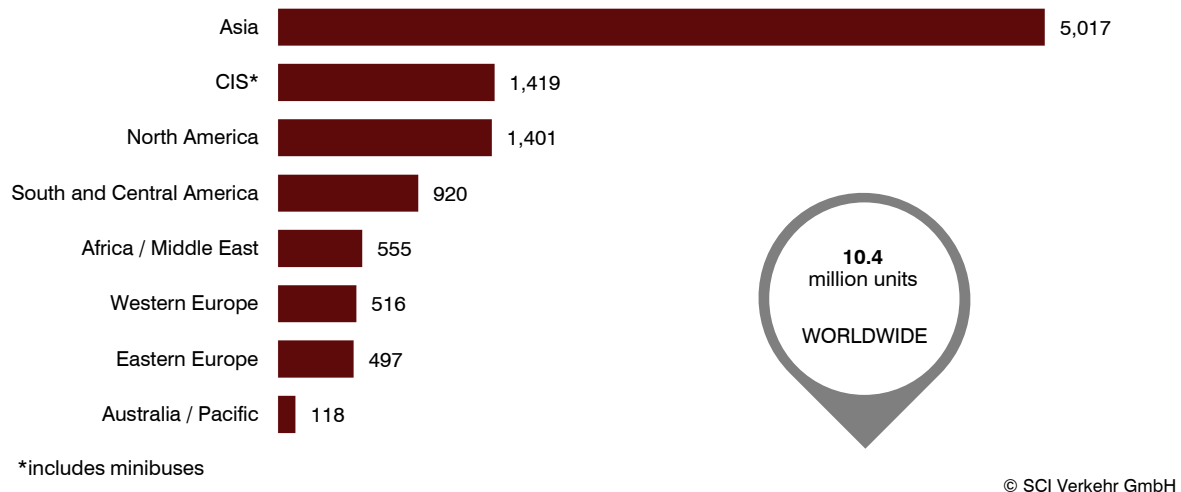


Figure 1: World: installed fleet per region

The stock of buses worldwide increased from 10.3 million units in 2014 to 10.4 million in 2016. Strong intermodal competition reduces the necessity of larger fleet: higher average income worldwide has allowed many people to have access to cars. Moreover, the expansion of rail systems, e.g. high-speed network and urban rail infrastructure in China, also diminishes transport market for bus services.

Besides the intermodal competition, a better utilization of the available fleet can contribute to the stagnation of total stock of buses. As bus operators become more economically rational – be it due to privatization, be it due to the expansion of digitalisation of fleet management –, less buses are necessary to provide the same amount of service.

Furthermore, articulated buses have gained significance in metropolitan services. In 2016, Volvo presented the chassis for a 30-meter bus, aiming the reduction in the number of buses. This helps to cut costs for maintenance and operating staff, thus making public transport more competitive. Longer buses often substitute two to three regular buses, thus reducing the necessity to expand the fleet.

In regional terms, Asia is home for almost half (48%) of the world's bus fleet. The CIS (14%) and the Americas have also large bus fleets: North America with 13% and South and Central America with 9%. Africa/Middle East, Western Europe and Eastern Europe follow with 5% participation each. The smallest fleet is in Australia/Pacific, where around 118 000 buses (less than 1% of the total fleet) is registered.

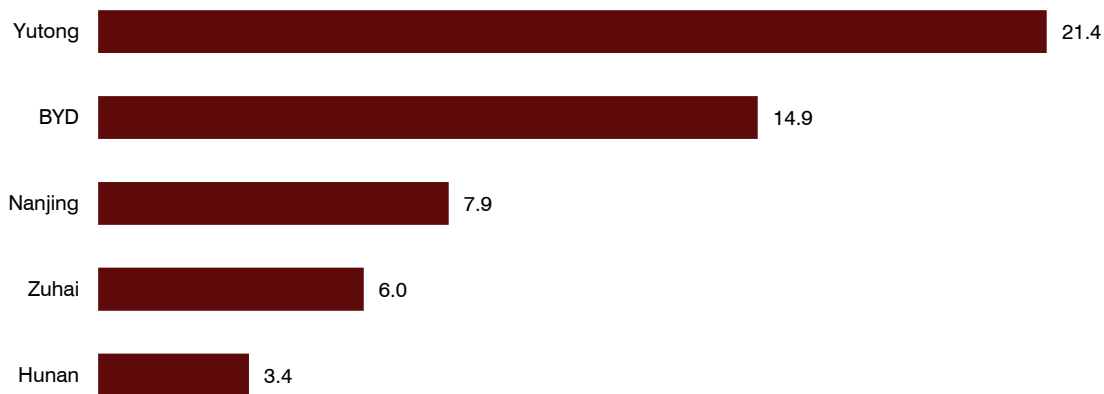
[...]

Electric buses

[...]

The emergence of regional competitors in the global market has been a major trend in the global electric bus market. Given the lack of a clear leadership in this segment, manufacturers have been encouraged to offer their products in international markets. Especially the Chinese BYD is expanding rapidly, gaining contracts for electrical buses in the USA, South America and Europe. BYD has recently expanded its production base in California. After the current project in Hungary, the Chinese manufacturer intends to invest EUR 10 million in a second European facility in France. Additional plants are planned in Ecuador and Argentina. BYD already has a production site in Brazil and also plans to enter the Indian market in near future.

China: electric bus deliveries per manufacturer 2016 [thousand units]



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Figure 2: China: electric bus deliveries per manufacturer 2016

[...]

10 The bus market in Australia/Pacific



Figure 3: Australia/Pacific: market overview

10.1 Market environment

10.1.1 Public transport systems and their operators

Although private cars remain the primary mode of transport in the Australia/Pacific region, buses play a major role in metropolitan areas as well as for long-distance transport. The transport performance of buses grew by 18% between 2007 and 2016.

Australia

Over the last 20 years, the quality of transport planning in Australia has been generally poor. Australia remains one of the most car-reliant countries in the world, with private car ownership at 757 per 1 000 inhabitants. Nonetheless, public transport in general and bus services in particular have recently gained greater political attention and funding. Local and federal governments have funded large-scale projects in urban areas to combat congestion, and loans and grants to transport operators have also been offered to support transition to more energy-efficient technologies. However, due to constraints on the public budget, local and federal governments have scaled back key public transport pledges and ended several funding programmes. In a recent debate, Infrastructure Australia (IA) has called on state governments to privatise their public transport networks in order to cut costs.

Australia's cities vary greatly in their public transport systems, with the importance of bus travel relative to other modes available. Thus, whereas Melbourne has extensive tram, metro and railway infrastructure, Canberra is served only by a bus system, which, however, offers 95% of all residents a bus stop within 500 m.

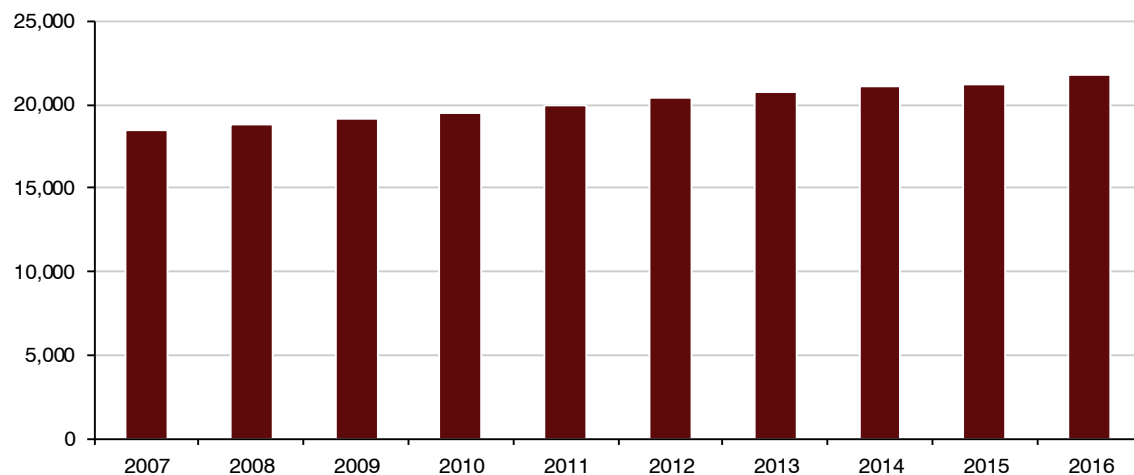
Several Australian bus-based services qualify for BRT status, namely Adelaide's O-Bahn Busway, Brisbane's South East, Northern and Eastern Busways, Melbourne's SmartBus network, and Sydney's T-Way and Metrobus networks.

In the cities, bus services are operated by state and local government authorities and/or private operators, and contracted services are also widespread. In particular, in large cities such as Sydney, Adelaide and Melbourne there are strong trends towards privatisation. Whereas private operators are responsible for their own fleet of vehicles, contracted operators use government-owned buses.

– In Sydney, bus services are organised by the State Transit Authority of New South Wales.

- Canberra's Australian Capital Territory Internal Omnibus Network (ACTION) bus services and Hobart's Metro Tasmania buses are operated by the respective territorial and state governments.
- Since 2000, Adelaide's government no longer operates bus services directly, but has contracted services to three operators, namely Torrens Transit (East-West area), SouthLink (Outer South, Outer North and Hills areas) and Light-City Buses (North South and Outer North East areas).
- In the South East region of Queensland, 22 public transport operators, e.g. Transdev Brisbane, offer service for TRANSlink, a division of the Department of Transport and Main Roads. TRANSlink also manages 18 contracts for regional urban bus services—all private operators.

Australia/Pacific: bus transport performance in Australia [million pkm]



Source: National Statistical Offices

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Figure 4: Australia/Pacific: transport performance by bus and coach in Australia

Transdev is one of the leading private providers of urban and suburban services in Australia, operating buses in Darwin, Melbourne, Perth, Sydney as well as Queensland. Singapore-based ComfortDelGro also operates several commuter buses in Australia, with a focus on New South Wales.

In addition, cities including Adelaide, Brisbane, Melbourne, Perth and Sydney, offer free city connector and shuttle bus services to central business districts, subsidised through parking levies, business fees and/or government subsidies.

The country's geographical size means that air travel is more common for long-distance trips than bus services. Nevertheless, there is an extensive high-quality network of intercity coach services that has gained in popularity with regards to energy efficiency concerns. Greyhound Australia is the largest provider of interstate and intercity bus services. Smaller companies offer specific lines or routes within states. There are also numerous coach companies geared towards tourism, offering both budget and luxury services.

New Zealand

Overall public transport use in New Zealand is very low. Buses are the most common form of public transport, making up the majority of most trips in every city with public transport, and are often the only mode of public transport available. While public transport has suffered from its rather poor quality, reflected in its negative image, drastic measures have been adopted in recent years. In this regard, two new BRT systems were constructed in Auckland, the Northern Busway (opened in 2008) and the Central Connector (opened in 2009). Auckland also provides a free City Circuit service.

Urban bus services are operated by public and private companies, most of them locally based. In Auckland, bus services are provided by private operators such as NZ Bus and Ritchies, and coordinated under the MAXX-brand by the council-controlled Auckland Transport.

In addition, the country also has an extensive network of long-distance bus services. InterCity Group operates New Zealand's largest coach network under several brands. In addition, there are numerous coach tour operators serving tourism.

10.1.2 Demand structures and regulation

Australian bus buyers prefer European-sourced bus chassis. In recent years, however, Chinese brands such as Yutong have become increasingly popular.

Emission standards and new energy buses

Australian emission standards for heavy vehicles are based on European regulations, with acceptance of selected US and Japanese standards. Australian Design Rule 80/03, established by the Department of Infrastructure and Transport, has prescribed Euro IV or US08 standards for petrol buses and Euro V, US07 or JE05 for diesel buses produced since 2011. The Australian Government is currently considering the case for adopting Euro VI through the Ministerial Forum on Vehicle Emissions.

The National Government has recently repealed the carbon tax and does not offer any support for the purchase of alternative energy buses. Therefore, diesel engine is likely to continue to be the dominant propulsion system in Australia. Vehicle emission rules of New Zealand were established in 2008 and prohibit importing old buses. Emission requirements are similar to those in Australia.

New Zealand is currently testing electric buses in its urban centres. Through the jointly funded project with the Energy Efficiency and Conservation Authority (EECA) and Tranzit Group, Auckland University of Technology will add a passenger bus to its fleet of shuttles operating between the university's three Auckland campuses. The Electric Vehicles Programme of the government of New Zealand is supporting the introduction of electrical vehicles. This includes a fund of up to EUR 3.85 million per year to encourage and support innovative low emission vehicle projects.

Bus procurement panels

In 2012, the state of New South Wales in Australia introduced a bus procurement panel in which operators procuring buses are required to use a web portal to obtain prices and advise the state government of the type and quantity of buses they intend to buy, including the reason for their choice. Operators are still free to choose a vehicle not included on the list, but they will have to bear costs and risks without government subsidy.

Safety Regulation

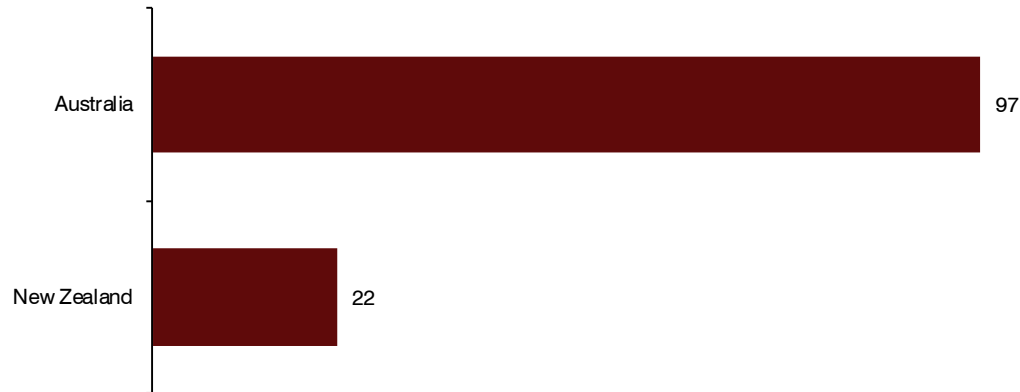
Because of a relatively high number of accidents in the bus sector, there are various national as well as local bus safety regulations in place in Australia. In Victoria, the Bus Safety Act provides a modern best practice regulatory framework designed to assist in maintaining and improving the Victorian bus industry's good safety record. In addition, the Bus Safety Regulations are in place, covering e.g. accreditation, inspection and incident reporting matters.

10.2 Market volumes and outlook

10.2.1 Installed fleet

In total, Australia/Pacific reported a fleet of 118 000 buses and coaches in 2016. Within this region, around 82% of the fleet can be found in Australia.

Australia/Pacific: installed fleet per country 2016 [thousand units]



Source: National Statistical Offices

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Figure 5: Australia/Pacific: installed fleet per country

Australia

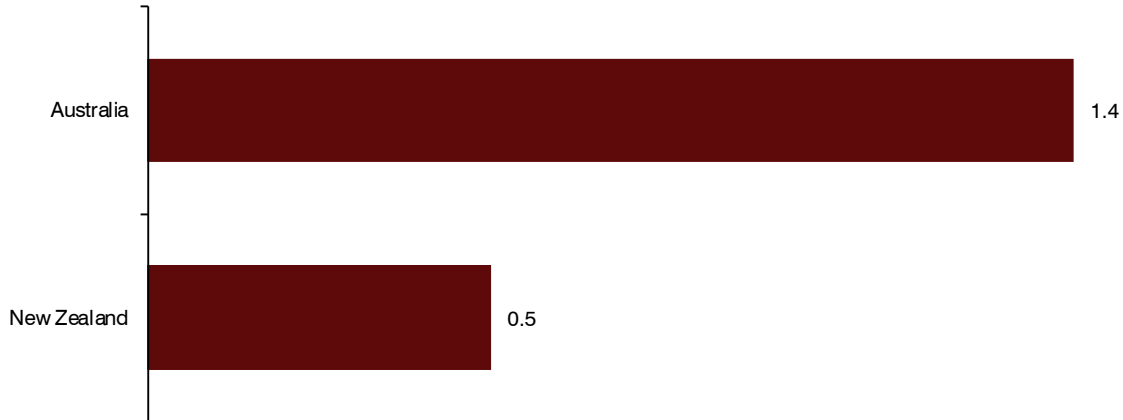
In 2016, Australia's bus fleet consisted of 96 600 registered vehicles, 1.5% more than in 2015. Between 2007 and 2016, the Australian bus fleet grew 2.2% p.a. on average. Australian buses are relatively young and there are about 4 000 vehicles equipped with alternative energy motors, mostly CNG.

Most city buses are operated by State Transit Authority of New South Wales (Sydney), Public Transport Victoria (Melbourne), Brisbane Transport, Public Transport Authority (Perth) and the Adelaide Municipality. Moreover, regional Victoria buses and Greyhound are among the most important bus operators with long-distance services. These seven companies together operate around 10 800 buses and coaches. There are about 3 000 other bus companies in Australia.

10.2.2 Vehicle delivery

New deliveries in Australia/Pacific reached almost 2 000 units in 2016. Sales increased 1.8% compared to 2015 but were still below the average of the last ten years. Between 2007 and 2016, deliveries decreased by 1.6% per year.

Australia/Pacific: deliveries per country 2016 [thousand units]



Source: National Statistical Offices, Industry Associations

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Figure 6: Australia/Pacific: deliveries per country

Australia

In Australia, overall bus and coach sales volumes reached almost 1 450 units in 2016. This represents an increase of 1.5% compared to the previous year. Bus sales in Australia decreased substantially between 2007 and 2016. Average market development was -2.9% p.a.

The Australian bus market is led by Volvo, with a 35% market share. In recent years, Scania gained significant market shares and comes in second place with now 31%. Third is Yutong with 8%, followed by MAN (5%), BCI and Hino (both 4%) and Iveco which secured 3% market share in 2016.

10.2.3 Outlook

SCI Verkehr expects a recovery of the bus market in Australia/Pacific. Sales could reach almost 2 200 units per year by 2022, with an average growth rate of 1.5% p.a. This is mostly due to replacements of older buses, which were not made in recent years as well as the enlargement of metropolitan fleets.

The market volume is expected to grow 2.7% p.a. (including price development) between 2017 and 2022, reaching nearly EUR 630 million. Qualitative improvements in fleet acquisition will be only marginally observable, since the Australian government has withdrawn many of its incentives for buses with alternative-energy motors.

Australia/Pacific: market development [units]

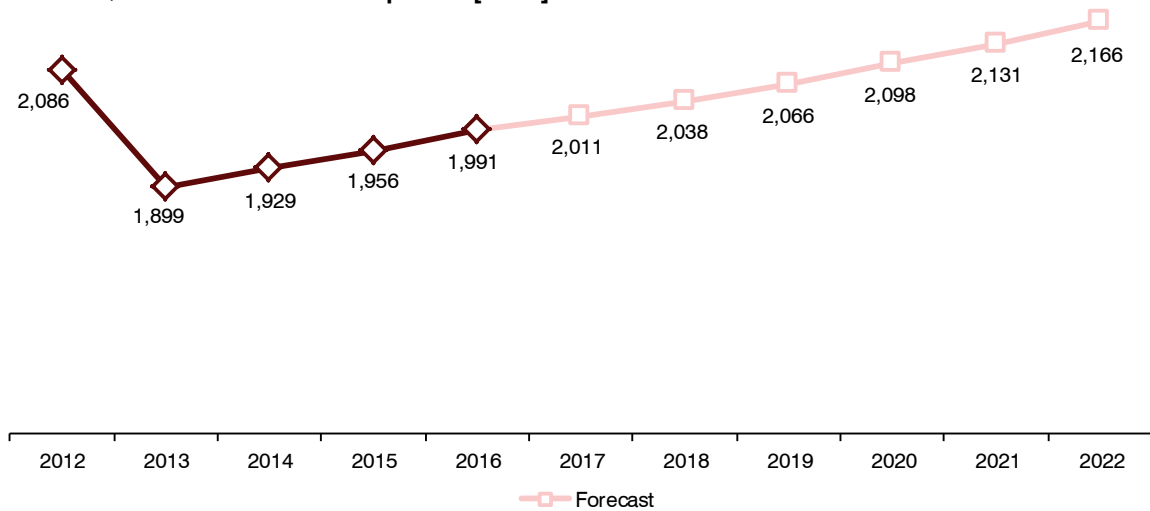


Figure 7: Australia/Pacific: market development in units

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Australia/Pacific: development of market volume [million EUR]

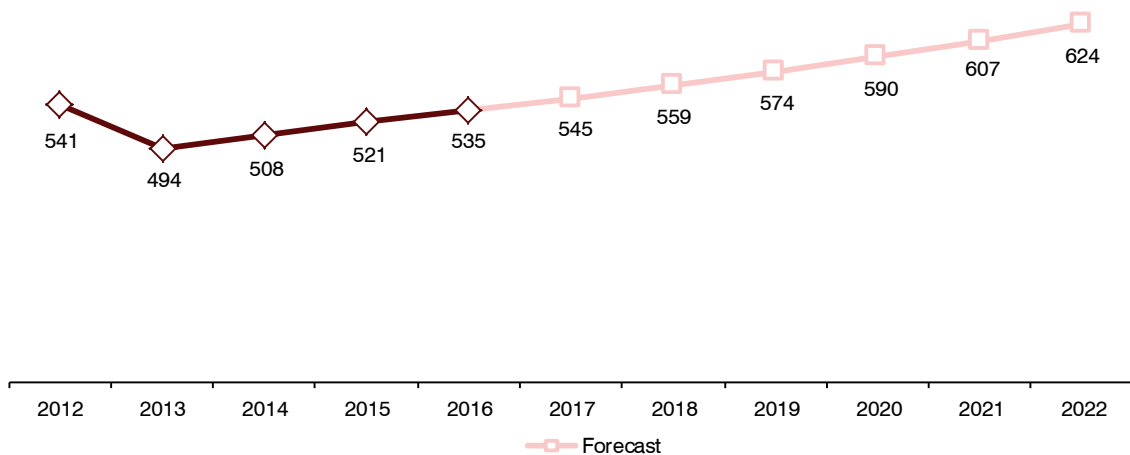


Figure 8: Australia/Pacific: market development in euro

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The market development is influenced by the following drivers:

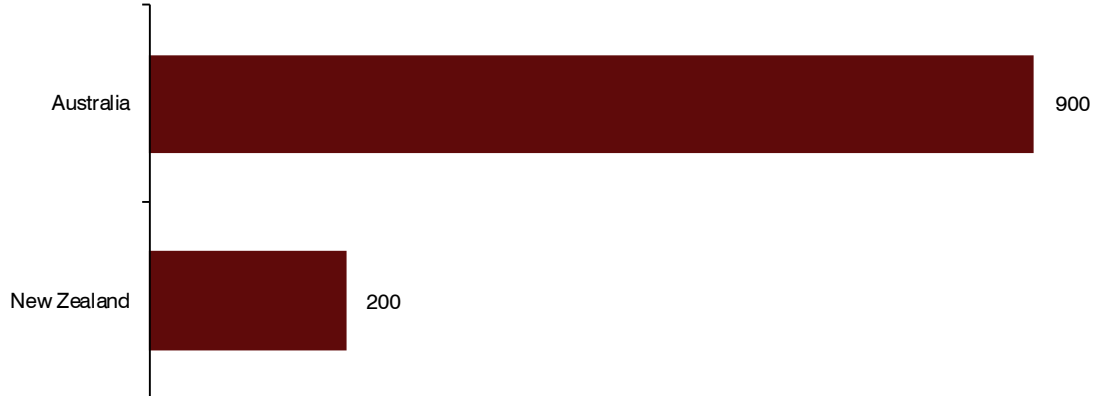
Drivers	Brief description	Relevance	5-year trend
Investment funds	Operators in this region are in charge of purchasing new buses. Buses to be used in public transport services are often funded by the regional governments and the councils.		➔
Environment and sustainability	The bus fleet in the Australia/Pacific region predominantly operates on diesel fuel. In Australia, the CNG bus market has certain importance in metropolitan areas. CNG fleets can be found in most Australian capital cities, with Sydney, Perth and Brisbane leading the way. Diesel-electric hybrid buses are not widespread in the region. The Australian government has cancelled incentives for clean technology and emissions reduction.		□
New development and upgrade of infrastructure	Infrastructure is already suitable in most parts of the region. BRT systems exist but do not play a significant role for bus purchases.		➔
Fleet structure	Major fleet renovations are not expected for Australia/Pacific in the medium term. Ongoing fleet replacement, however, will remain an important source of demand for new vehicles.		➔
Transport demand	Demand for bus transport has been growing over the last few years, but only at a limited rate. As mature markets, Australia and New Zealand are not expected to experience high growth in the use of public transport.		□
Relevance for procurements: = very high, = high, = medium, = low, = none 5-year trend: = strongly increasing, = increasing, = constant, = decreasing, = strongly decreasing			
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10.3 Competition, production and market shares

10.3.1 Manufacturers and production

In total, about 1 100 buses and coaches were manufactured in the Australia/Pacific region in 2016, 500 units less than in 2014. The largest share of the production took place in Australia.

Australia/Pacific: bus production per country 2016 [units]



Source: estimation SCI Verkehr

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Figure 9: Australia/Pacific: bus production per country

The large majority of bus manufacturers are settled in Australia, with a strong concentration on the East coast, especially around Brisbane.

Australia/Pacific: major bus production sites

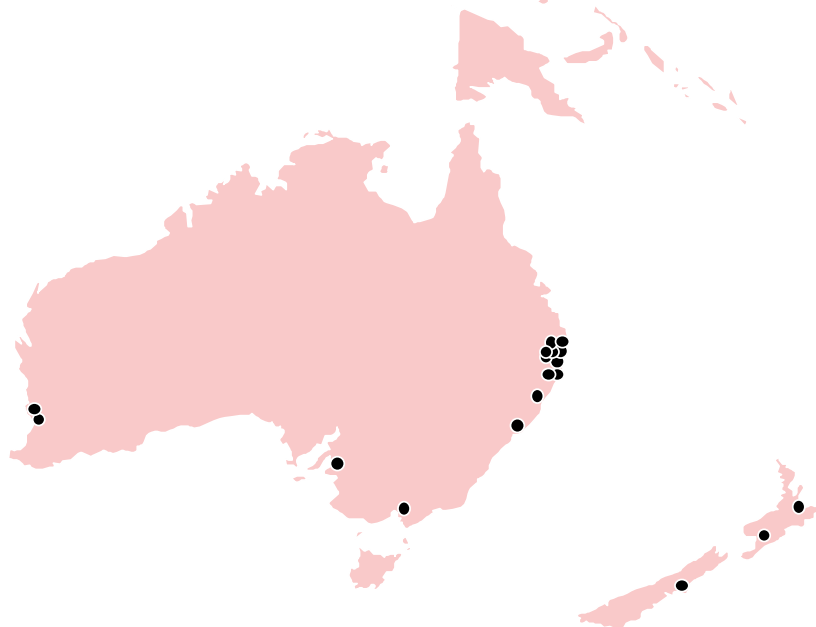


Figure 10: Australia/Pacific: major bus production sites

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Australia

Australia is home to several small bus and coach body manufacturers, which produce for the local market. In 2016, around 900 units were produced. The sector faces low output and lacks investment. This has led to restructurings and closures. Most of the chassis are imported from European producers.

Volgren is Australia's largest bus body manufacturer and has three facilities in Melbourne, Perth and Brisbane. A fourth plant in Tomago (Newcastle) stopped bus production in 2012, after Volgren failed to secure orders from the New South Wales government. Its product range includes articulated buses, city buses, double-decker buses and luxury coaches. The Brazilian bus body manufacturer Marcopolo finalised the total acquisition of Volgren in April 2017.

Custom Bus Australia (former **Custom Coaches**) was acquired by Allergo Funds from Alexander Dennis in 2014. Established in 1955, its facilities are located in Villawood (Sydney) and Arundel (Brisbane). The product portfolio encompasses city and regional buses, school buses as well as midi buses.

Bus & Coach International (BCI) is an Australian company headquartered in Perth, specialised in the manufacturing of bodies and chassis for city and regional buses as well as coaches. BCI has cooperated since 2013 with Mercedes Benz on school bus production. Since 2011, production has taken place in China. BCI built a facility in Xiamen, which also houses the research and development team. Nonetheless, most BCI vehicles have around 65% Australian content. The company also exports to New Zealand, USA, Canada and some Asian countries.

Unlike other Australian bus manufacturers, **Bustech** builds its own integrated chassis and body combinations. The company is the manufacturing arm of the Transit Australia Group, which operates bus services along the East Coast of Australia. As a consequence, Bustech mostly produces buses for its sister companies, Surfside Buslines and Sunbus, but also delivers to other major Australian customers. The factory at West Burleigh is capable of producing up to 250 new buses per year.

Chiron is an Australian company manufacturing bus bodies, coaches and other specialised commercial vehicles. **Denning Manufacturing** is another small Australian bus manufacturer building chassis and coaches.

New Zealand

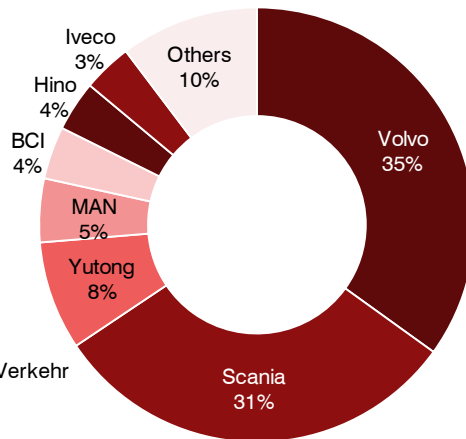
Kiwi Bus Builders is New Zealand's leading coach manufacturer. Buses are built on Alexander Dennis chassis sent from Falkirk (Scotland). Alexander Dennis aims at developing a long-lasting partnership with Kiwi Bus Builders and at using it as a base to expand into other territories, notably Australia.

Global Bus Ventures (former DesignLine Bus Pacific) manufactures buses and coaches in its headquarters in Rolleston.

10.3.2 Market shares

The Australian bus market was dominated by European manufacturers. The market leader is Volvo with a participation of 35%. Scania has significantly increased its market share and is currently at 31%, very close to Volvo. Other manufacturers with significant sales numbers are Yutong, MAN and BCI.

Australia: market share per manufacturer 2016 [units, %]



Source: estimation SCI Verkehr

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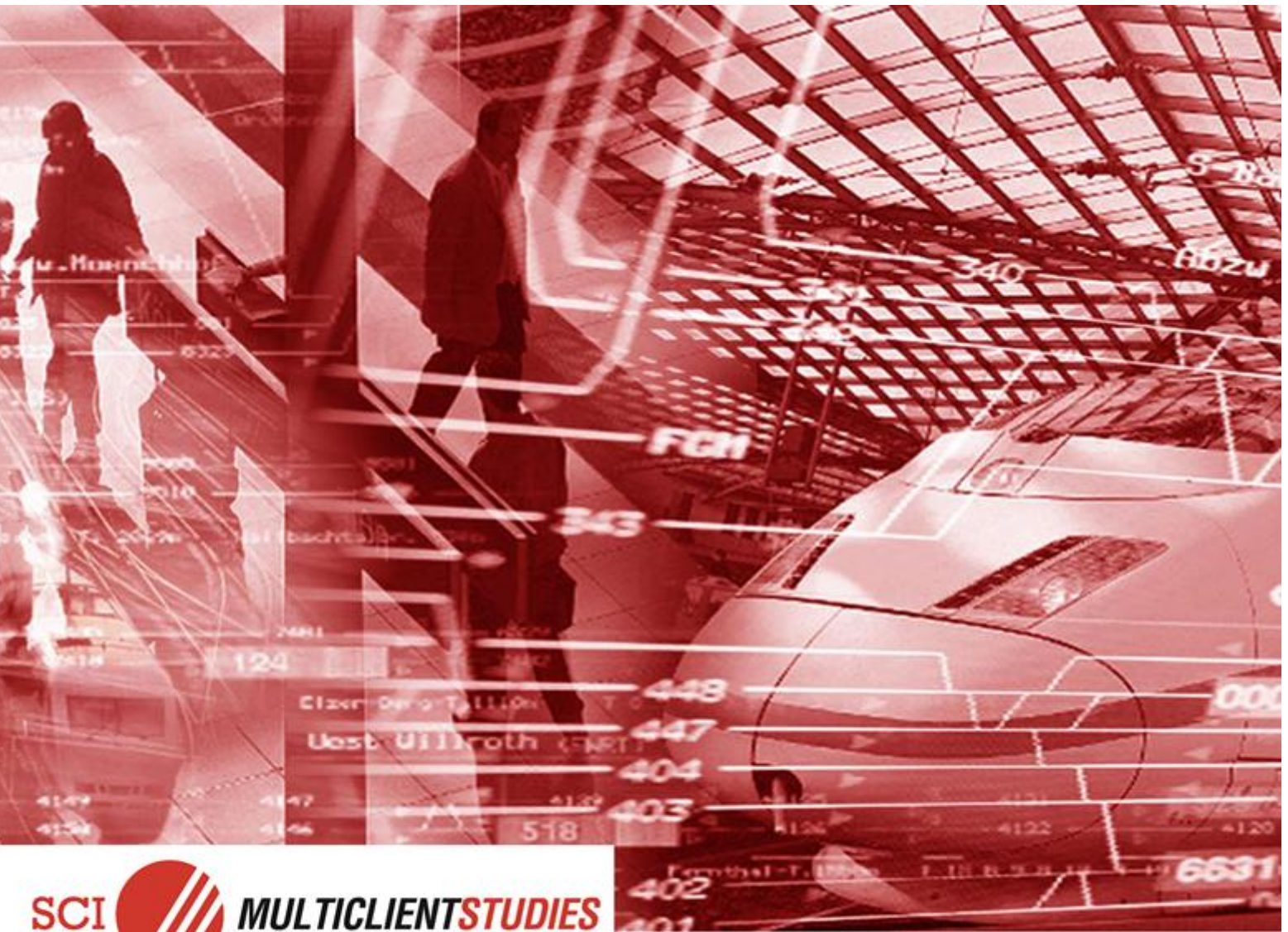
Figure 11: Australia/Pacific: market share per manufacturer

10.3.3 Major production sites in Australia/Pacific

Australia/Pacific: Major Production Sites				
Country	Manufacturer	Plant	Activities	Comment
Australia	Bustech	West Burleigh	Chassis manufacturing Body manufacturing	<ul style="list-style-type: none"> – Founded in 1995 – Portfolio: city and regional buses, electric buses – Annual production capacity: 500
Australia	Coach Concepts	Brisbane	Body manufacturing	<ul style="list-style-type: none"> – Established 2004 – Portfolio: coaches
Australia	Coach Design	Archerfield	Body manufacturing	<ul style="list-style-type: none"> – Founded in 1986 – Portfolio: coaches
Australia	Custom Coaches	Arundel	Body manufacturing	<ul style="list-style-type: none"> – Portfolio: city and regional buses, school buses and midibuses – Workforce: 700 (2012), 120 of them in Villawood (2015) – Annual capacity: 300 buses
Australia	Custom Coaches	Villawood	Body manufacturing	
Australia	Custom Coaches	Royal Park	Body manufacturing	
Australia	Denning Manufacturing	Acacia Ridge	Bus manufacturing	<ul style="list-style-type: none"> – Founded 2003 – Portfolio: coaches, school buses, builds own chassis

Australia/Pacific: Major Production Sites				
Country	Manufacturer	Plant	Activities	Comment
Australia	Express Coach Builders	Macksville	Body manufacturing	<ul style="list-style-type: none"> – Founded in 1995 – Portfolio: city and regional buses, coaches, school buses – Workforce: 75 (2017) – Capacity: 75 vehicles per year
Australia	P&D Coachworks	Murwillumbah	Body manufacturing	<ul style="list-style-type: none"> – Portfolio: city buses, school buses, coaches
Australia	TOST	Canning Vale	Body manufacturing	<ul style="list-style-type: none"> – Founded in 1977 – Portfolio: regional buses
Australia	Volgren	Dandenong (Melbourne)	Body manufacturing	<ul style="list-style-type: none"> – Portfolio: city and regional buses, school buses – Workforce: 550 (2015) – Owned by Marcopolo
Australia	Volgren	Malaga (Perth)	Body manufacturing	<ul style="list-style-type: none"> – Portfolio: school buses, coaches
New Zealand	Volgren	Eagle Farm (Brisbane)	Body manufacturing	
New Zealand	Coachwork Central	Palmerston North	Body manufacturing	<ul style="list-style-type: none"> – Portfolio: city and regional buses, coaches – Workforce: 60 (2012)
New Zealand	DesignLine Bus Pacific	Rolleston	Body manufacturing	<ul style="list-style-type: none"> – Founded 2011
New Zealand	Kiwi Bus Builders	Tauranga	Body manufacturing	<ul style="list-style-type: none"> – Portfolio: city and regional buses, coaches, school buses – Annual production capacity: 200

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SCI  **MULTICLIENTSTUDIES**

ANNEX

2 Top Manufacturers Worldwide – Factsheets





Manufacturer in alphabetical order	Country	Region
Anhui Ankai Automobile Company	China	Asia
Ashok Leyland	India	Asia
Daimler AG	Germany	Western Europe
GAZ OAO	Russia	Eastern Europe
Gillig Corporation	USA	Northern America
Hino Motors	Japan	Asia
Hyundai Motor Company	South Korea	Asia
Isuzu Motors	Japan	Asia
Irisbus Iveco	France	Western Europe
MAN Truck & Bus	Germany	Western Europe
Marcopolo	Brazil	Southern America
Scania AB	Sweden	Western Europe
Solaris Bus & Coach S.A.	Poland	Eastern Europe
Tata Motors	India	Asia
Volvo Bus Corporation	Sweden	Western Europe
Xiamen Golden Dragon Bus Co.	China	Asia
Xiamen King Long United Automotive Industry	China	Asia
Zhengzhou Yutong Bus Co., Ltd.	China	Asia

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3 Marcopolo S.A.

Marcopolo S.A.	
Facts and figures	
Strategic position	<ul style="list-style-type: none"> - Brazil-based manufacturer of bus and coach bodies, as well as complete minibuses - Operates 12 manufacturing plants, four units in Brazil and eight abroad, including a wholly-owned plant in South Africa and joint ventures in Argentina, Australia, Colombia, Egypt, India and Mexico
Headquarters	Caxias do Sul, Brazil
Shareholder	Shares are traded on the Brazilian Stock Mercantile and Futures Exchange
Major subsidiaries and affiliates	<ul style="list-style-type: none"> - Ciferal Indústria de Ônibus Ltda. - Volgren Australia Pty. Limited (Australia, 75%, together with Grenda Corporation) - Polomex S.A. de C.V. (Mexico; 74%, together with EvoBus) - Superpolo S.A. (Colombia; 50%, together with Fanalca Group) - Tata Marcopolo Motors (India; 49%, together with Tata Motors) - GB Polo (Egypt; 49%, together with GB Auto) - Metalpar Argentina S.A. (Argentina; 50%, together with Metalpar)
Employees (2016)	21 435 Of which with buses: n/a
Turnover (2016)	EUR 667 million (BRL 2 574 million, group)
EBITDA (2016)	EUR 91.67 million (BRL 353 million, group)
Margin (2016)	13.7%
Units sold (2016)	8 810 (units recorded in net revenue)

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Product Portfolio				
Brands for buses	 Marcopolo	 Ciferal	 Volare	 Volgren
Market segments	<ul style="list-style-type: none"> - City buses - BRT buses - Interurban buses - Coaches - Minibuses (incl. chassis) 			
Drive technologies	<ul style="list-style-type: none"> - Diesel - CNG 			

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Company development

History

In 1949, the company Nicola & Cia started building wooden bus bodies on truck chassis in Caxias do Sul (Brazil). A few years later the first metal bodies were turned out, and by 1959 some 600 bodies had been delivered to Brazilian operators. In 1961, the first export took place, to Uruguay. In 1968, at the São Paulo Motor Car Show, the 'Marcopolo' model was presented. The success of the model was such that the company became known as Marcopolo. In 1971, the name was officially changed to 'Marcopolo S.A. Carrocerias e Ônibus'. The name was shortened to 'Marcopolo S.A.' in 1992.

In 1970 Marcopolo acquired local bus body builder Carrocerias Eliziário, from Porto Alegre, and in 1977 Nimbus from Caxias do Sul. Export of CKD units for local assembly began during this decade to Venezuela, Ecuador, Chile, Peru and Ghana. Marcopolo actively pursued a worldwide expansion policy, and exports became more and more important during the 1990s. The company entered the US market in 1988 with minibuses. In 1991, a factory was opened in Coimbra (Portugal) under the name Marcopolo Indústria de Carrocerias, which specialised in the production of coaches for Europe (mainly Portugal but also the Netherlands and the UK). The following year it signed a contract with Dina Autobuses of Mexico to supply bus bodies and technology. In 1998, a factory was opened in Río Cuarto (Argentina). In the same period, increased export to South Africa led to the establishment of a location in Pietersburg (South Africa).

In 2000, Mercedes-Benz México took a minority share in Marcopolo's Mexican subsidiary, which had opened a production line in the city of Aguascalientes the previous year. This facility moved to Mercedes-Benz's chassis plant in García. A similar arrangement was made in 2000 to produce urban buses on Scania chassis in Pietersburg (South Africa) and on Volvo chassis in Bogotá (Colombia). Marcopolo buses and coaches can be found all over South and Central America, with the Viaggio being especially popular as a long distance coach.

In 2008, Marcopolo acquired 33% of the Chilean bus manufacturer Metalpar's operations in Loma Hermosa, Argentina. It acquired a further 7% in 2010 and 10% in 2011, bringing its total investment to 50%. In February 2012, Marcopolo acquired a 75% stake in the Australian bus body manufacturer Volgren, with the option to purchase the remaining 25% after three years. Volgren is the largest bus body manufacturer in Australia, with market share of over 40%.

Currently, Marcopolo S. A. produces buses and coaches under four brands:

- **Marcopolo**
- **Ciferal:** Founded in 1955 by an Austrian who emigrated to Brazil as body bus builder. In 2001, Ciferal was fully acquired by Marcopolo S.A. Since 2003, the facility has exclusively produced urban buses. Currently, the company has facilities of 193 000m², including a construction area of 71 000m² and the capacity to produce 3 700 vehicles per year.
- **Volare:** Launched in 1998, Volare produces complete minibuses (chassis and body), including speciality vehicles such as school buses and ambulances, with a capacity of 7 500 units per year. A new facility in Brazil is expected to open in the second half of 2013, with additional capacity of 1 000 units per year.
- **Volgren:** In February 2012, Marcopolo acquired a 75% stake in the Australian bus body manufacturer Volgren, with the option to purchase the remaining 25% after three years. Volgren is the largest bus body manufacturer in Australia, with market share of over 40%.

Production

Currently, Marcopolo operates 16 manufacturing sites. Of these, four are located in Brazil and eight abroad, with a wholly-owned plant in South Africa, and joint ventures with local manufacturers in Argentina, Colombia, Mexico, Egypt, India and Australia:

- **Joint venture with Metalpar in Argentina**
Metalpar is a Chilean manufacturer of city buses established in 1966. In 2008, it sold 33% of its Argentinian subsidiary to Marcopolo. As a consequence, the Metalpar plant in Loma Hermosa (Buenos Aires) elevated production from 1 500 units in 2007 to 2 800 in 2008. In 2010, Marcopolo increased its stake in Metalpar to 40%, and in 2011 to 50%. Through Metalpar Argentina, Marcopolo acquired a 51% stake in Metalsur Carrocerias SRL, a company located in Argentina and specialised in the manufacture of coach bodies, in December 2012.
- **Joint venture with Fanalco Group in Colombia**
- **Joint venture with EvoBus GmbH in Mexico**
Polomex was founded in 1999. Since 2001, Evobus, a division of Daimler, acquired 26% of the shares. The partnership made possible the production and delivery to the customers of vehicles with a bumper to bumper warranty (covering the entire vehicle).
- **Joint venture with GB Auto in Egypt**
In August 2009, Marcopolo opened an assembly line in partnership with the Egyptian company GB Auto in Suez (Egypt). In 2012, the joint venture expects to produce around 400 units, equating to around 200 units for Marcopolo, given its 49% stake.
- **Joint venture with Tata Motors in India**
In June 2006, Marcopolo and Tata Motors, India's largest automobile company, announced the creation of a joint-venture company in India to manufacture and assemble fully-built buses and coaches. The joint-venture, in which Tata Motors holds 51% and Marcopolo 49%, set up a new manufacturing facility in Dharwad (India). It focuses on

Company development

producing a large variety of buses, including 16- to 54-seater standard buses, 18- and 45-seater luxury buses, luxury coaches and low-floor city buses. In recent years it has focused on adding light commercial vehicles, medium-size vehicles, natural gas vehicles and BRT buses to its portfolio. Within the joint venture, Tata Motors brings its expertise in chassis as well as aggregates and Marcopolo its expertise and know-how in processes and systems for bodybuilding and bus body design

– **Joint venture with Volgren in Australia**

In February 2012, Marcopolo acquired a 75% share in Volgren, Australia's largest bus body manufacturer, with a domestic market share of about 40%. It manufactures all its products in its three plants, located in Brisbane, Perth and Melbourne.

The Brazilian buses and coaches are built on Volvo, Mercedes Benz, Scania and Volkswagen chassis. In Mexico Marcopolo bodies are mounted on Dina chassis. In Europe, several other chassis have been used in addition to Volvo, Scania and Mercedes, such as the Dennis Javelin, Iveco and MAN.

A Volare plant started to operate in the second half of the year 2014 in the state of Espírito Santo, Brazil, with an initial capacity of 3 000 units per year.

Strategy

Although Marcopolo has substantial international reach, the Brazilian market continues to account for around two-thirds of the company's revenues. The company expects demand for buses in the Brazilian market to remain strong in the coming years.

Marcopolo's operations with Tata in India represent its most significant international activity, while the recent purchase of Volgren will allow Marcopolo to better target the South-East Asian market. In addition to its own plant manufacturing components in China, Marcopolo has a stake in several key parts manufacturers: 40% in SPHEROS (ventilation and air conditioning), 30% in WSUL (foam for seats), and 26% in MVC (plastic components). It also has full control of Banco Moneo, established to provide financing for Marcopolo's activities.

Current results

In 2016, Marcopolo sold 8 810 units, which is significantly less than in the previous year (11 072). Similar is the development of the revenue, which decreased from EUR 42 million in 2015 to EUR 667 million in 2016. Marcopolo's profit was EUR 354 million in 2016 – a decrease of 10% in 2015

From 2011 until 2016 units of sold buses decreased 20% p.a. (30 766 sold buses in 2011). At the same time revenues moderately decreased by 4% p.a. (EUR 1 274 million in 2011).

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Current production sites

Region	Country	Plant	Activities	Comment
South America	Argentina	Metalpar Argentina S.A., Loma Hermosa	Body manufacturing	<ul style="list-style-type: none"> – Joint-venture Metalpar/ Marcopolo – Portfolio: city buses and coaches – Area: 50 000m² – Workforce: ~400 – Annual production capacity: 2 600 units (of which 1 300 for Marcopolo)
South America	Argentina	Metalsur Carrocerias, Galvez	Body manufacturing	<ul style="list-style-type: none"> – Portfolio: coaches, plans to also manufacture bodies for minibuses – Area: 45 000m² – Annual production capacity: 200 units – In 2012, acquisition of a 51% share by Metalpar/ Marcopolo

Extract from the study

Current production sites				
Region	Country	Plant	Activities	Comment
South America	Brazil	Marcopolo (ex Ciferal)	Body manufacturing	<ul style="list-style-type: none"> - Portfolio: city buses - Surface: 71 000m²
South America	Brazil	Marcopolo – Ana Rech Unit, Caxias do Sul	Body manufacturing	<ul style="list-style-type: none"> - Inaugurated in 1981 - Portfolio: city and interurban buses, coaches - Area: 68 500m²
South America	Brazil	Marcopolo – Planalto Unit, Caxias do Sul	Body manufacturing	<ul style="list-style-type: none"> - Portfolio: city and midibuses - Area: 40 000m²
South America	Brazil	Marcopolo (Volare), Sao Mateus	Body manufacturing	<ul style="list-style-type: none"> - To be inaugurated in the second half of the year 2014 - Operated for the production of Volare branded buses - Capacity of 1 000 units p.a. - Workforce: 230 in the first year
South America	Colombia	Superpolo (Marcopolo)	Body manufacturing	<ul style="list-style-type: none"> - Joint-venture Fanalca Group/Marcopolo - Portfolio: city and interurban buses, minibuses, school buses - Area: 23 000m² - Annual production capacity: 2 000 units
North America	Mexico	Polomex S.A., Monterrey	Body manufacturing Bus chassis assembly	<ul style="list-style-type: none"> - Opened in 1994 - Joint venture Daimler/ Marcopolo - Assembly of Mercedes-Benz chassis - Portfolio: city and interurban buses, coaches - Area: 42 209m² - Workforce: 400 (2013) - Annual production capacity: 6 000 chassis and 3 200 buses
Africa/ Middle East	Egypt	GB Polo, Suez	Body manufacturing	<ul style="list-style-type: none"> - Opening in 2009 - Joint-venture with GB Auto - Portfolio: city buses, coaches, minibuses - Annual production capacity: 8 000 units p.a.

Extract from the study

Current production sites				
Region	Country	Plant	Activities	Comment
Africa/ Middle East	South Africa	Marco Polo South Africa, Johannesburg	Body manufacturing	<ul style="list-style-type: none"> - Opening in 2000 - Portfolio: urban buses, coaches, BRT buses, especially to serve the BRT systems installed in that country - Surface: 11 440 m² - Annual production capacity: 350
Asia	China	Auto Components, Jiangyin		<ul style="list-style-type: none"> - Portfolio: components
Asia	India	Tata Marcopolo Motors, Dharwad	Body manufacturing	<ul style="list-style-type: none"> - Joint-venture with Tata Motors - Opened end of 2008 - Portfolio: city (incl. BRT) buses, coaches and minibuses - Area: 110 000m² - Annual production capacity: 30 000 buses - Tata Marcopolo Motors' global bus design centre (7 700 for Marcopolo in 2012))
Asia	India	Tata Marcopolo Motors, Lucknow	Body manufacturing	<ul style="list-style-type: none"> - Joint-venture with Tata Motors - Opened end of 2007 - Portfolio: city buses - Annual production capacity: 25 000 units, plans to double annual capacity - Area: 11 400m²
Australia/ Pacific	Australia	Volgren, Dandenong Plant, Melbourne (Victoria)	Body manufacturing	<ul style="list-style-type: none"> - Portfolio: city and regional buses, school buses - Workforce: 550 (2015) - Owned by Marcopolo
Australia/ Pacific	Australia	Volgren, Malaga Plant, Perth, (Western Australia)	Body manufacturing	<ul style="list-style-type: none"> - Portfolio: school buses, coaches
Australia/ Pacific	Australia	Volgren, Eagle Farm Plant, Brisbane (Queensland)	Body manufacturing	<ul style="list-style-type: none"> - Opening in 2009 - Portfolio: city buses

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Major delivery projects since 2015				
Delivery Year	Country	Operator	Product	Further information
2017	Brazil	Expresso King of France	Torino	– 34 units – Length: 13.4
2017	Brazil	Via Verde		– 30 units
2017	Brazil	Eucatur	Paradiso 1800DD	– 20 units – Length: 15m
2017	Brazil	Viação Abreu Ltda	Torino	– 13 units – Length: 13.4m
2017	Brazil	Rio Anil Transporte e Logística Ltd	Torino	– 12 units – Length: 13.4m
2017	Brazil	Expresso King of France	Torino Express	– 6 units – Length: 18.6m
2017	Brazil	Patrol Transporte e Terraplenagem Ltda	Torino	– 5 units – Length: 13.4m
2017	Brazil	Bel Tour	Paradiso 1050	– 5 units – Length: 13.1m
2017	Brazil	Rio Anil Transporte e Logística Ltd	Senior Urbano	– 3 units – Length: 8.3m
2017	Brazil	Rio Anil Transporte e Logística Ltd	Torino Express	– 2 units – Length: 18.6m
2017	Brazil	Viação Sampaio	Paradiso 1800DD	– 2 units – Length: 14m
2017	Brazil	Autoviária Matos Ltda	Torino Express	– 1 unit – Length: 18.6m
2017	Cameroon	Finexs Voyages	Paradiso 1800DD	– 2 units – Length: 14m
2017	Chile	Tandem	Viaggio 1050	– 33 units – Length: 13.1m
2016	Brazil	Redentor Group	Neobus Mega Plus	– 130 units – Length: 12.4m
2016	Brazil	Viação Normandy do Triângulo Ltda	Viale BRT	– 40 units – Length: 23m

Major delivery projects since 2015				
Delivery Year	Country	Operator	Product	Further information
2016	Brazil	Viação Nossa Senhora do Amparo	Audace	– 34 units – Length: 12.7m
2016	Brazil	Redentor Group	Neobus Mega BRT	– 20 units – Length: 18.6-23m
2016	Brazil	Redentor Group	Thunder +	– 20 units – Length: 11m
2016	Brazil	Princesa dos Campos Express	Viaggio 900	– 15 units – Length: 14m
2016	Brazil	Viação Santa Cruz		– 10 units
2016	Brazil	UTIL	Paradiso 1800 DD	– 2 units – Length: 14m
2016	Brazil		Viaggio 1050	
2016	India	KSRTC		– 240 units
2016	Mexico	ETN/ La Línea	MP 180 MX	– 110 units – Length: 15m
2016	Paraguay	La Santaniana SA	Viaggio 1050	– 10 units – Length: 14m
2016	Paraguay	La Santaniana SA	Paradiso 1800 DD	– 10 units – Length: 13.1m

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