

KeysFin analysts estimate 2pct increase in local freight turnover

The turnover of local freight companies increased by 47pct in 2019 compared to 2015 and by 163pct compared to 2010, to 66.4 billion lei, but for 2020, KeysFin analysts estimate a decline of about 2pct, to near the level of 65 billion lei, according to a company release.

The estimate is based on the change in consumption behaviour (food retail to the detriment of durable goods) generated by the COVID-19 pandemic.

"Romania is a strategic hub for freight transport in the region, but our competitive advantages were not maximized in the year of the pandemic. Even if there are companies growing in this market, the decline in industry shows the lack of a clear strategy to capitalize on the position of our country, as well as our internal human resources. Also, unfortunately, poor infrastructure is limiting freight business. For 2021, we believe the situation will only improve if the lost business is replaced by new sources of income, such as transport from pharma or other fields whose volumes have increased considerably," said Roxana Popescu, managing director at KeysFin.

According to the analysis, the number of companies in the field increased by 22pct compared to 2015 and by 60pct above the level of 2010, to 41,500 companies in 2019. Their net result increased by 35pct compared to 2015 and by 2.8 billion lei against the loss of 0.4 billion in 2010, to 2.4 billion lei in 2019. Of the 41,500 companies analyzed, approximately 23,900 (58pct) recorded profit, 13,300 (32pct) had losses, and the rest had a net zero result in 2019.

By type of company, large companies had the worst performance. The National Railway Transport Company CFR Marfa, a company ranked 4th in terms of turnover, recorded by far the largest loss in the industry, of 237.4 million lei (35pct of turnover) in 2019.

The largest local carriers are mentioned in the analysis: Aquila Part Prod Com SRL, Grup Feroviar Roman SA and Carrion Expedition SRL. Cumulatively, in 2019, the top 10 local freight companies had a turnover of 5.86 billion lei, 8.9pct of the total industry.

The number of employees in the local freight industry increased by 18pct compared to 2015 and by 43pct against 2010, to approximately 187,500 in 2019. For 2020, KeysFin analysts estimate a decrease in the number of employees to near the level of 178,000, based on data from the National Institute of Statistics (INS). Regarding the largest employers, these are the Romanian Railway Transport Company SA, with 5,400 employees, representing 2.9pct of the total, Grup Feroviar Roman SA, with 2,200 employees and 1.2pct of the total, and Aquila Part Prod Com SRL, with 2007 employees and 1.1pct of the total. The first 10 local employers had 18,000 employees in the payrolls in 2019, respectively 7.2pct of the total employees in the industry.

The volume of transported goods decreased by 2pct compared to 2019, to 394 million tonnes in 2020, according to data released by the INS.

Road freight transport increased by 4pct compared to 2019, to 266.5 million tonnes in 2020, while rail freight transport decreased by 15.5pct to 49.7 million tons, air transport decreased by 14.9pct to 40,000 tonnes, maritime contracted by 11.1pct to 47.2 million tonnes, and inland waterway transport also decreased by 8.2pct compared to 2019, to 30.5 million tonnes in 2020.

As a share of the mode of transport in the year of the pandemic, KeysFin analysts observe an increase in road transport of 3.8 pp, to 67.7pct of the total, followed by rail transport with 12.6pct of the total (decrease of 2pct compared to 2019), maritime transport with 12pct (annual reduction of 1.2pct) and inland waterways with 7.7pct

of the total (annual contraction of 0.5pct) in 2020.

KeysFin analysis is based on annual financial data, unadjusted, aggregated, reported by companies to the Ministry of Finance (at the end of the period). All figures are expressed in lei, and the data were extracted at the beginning of 2021.