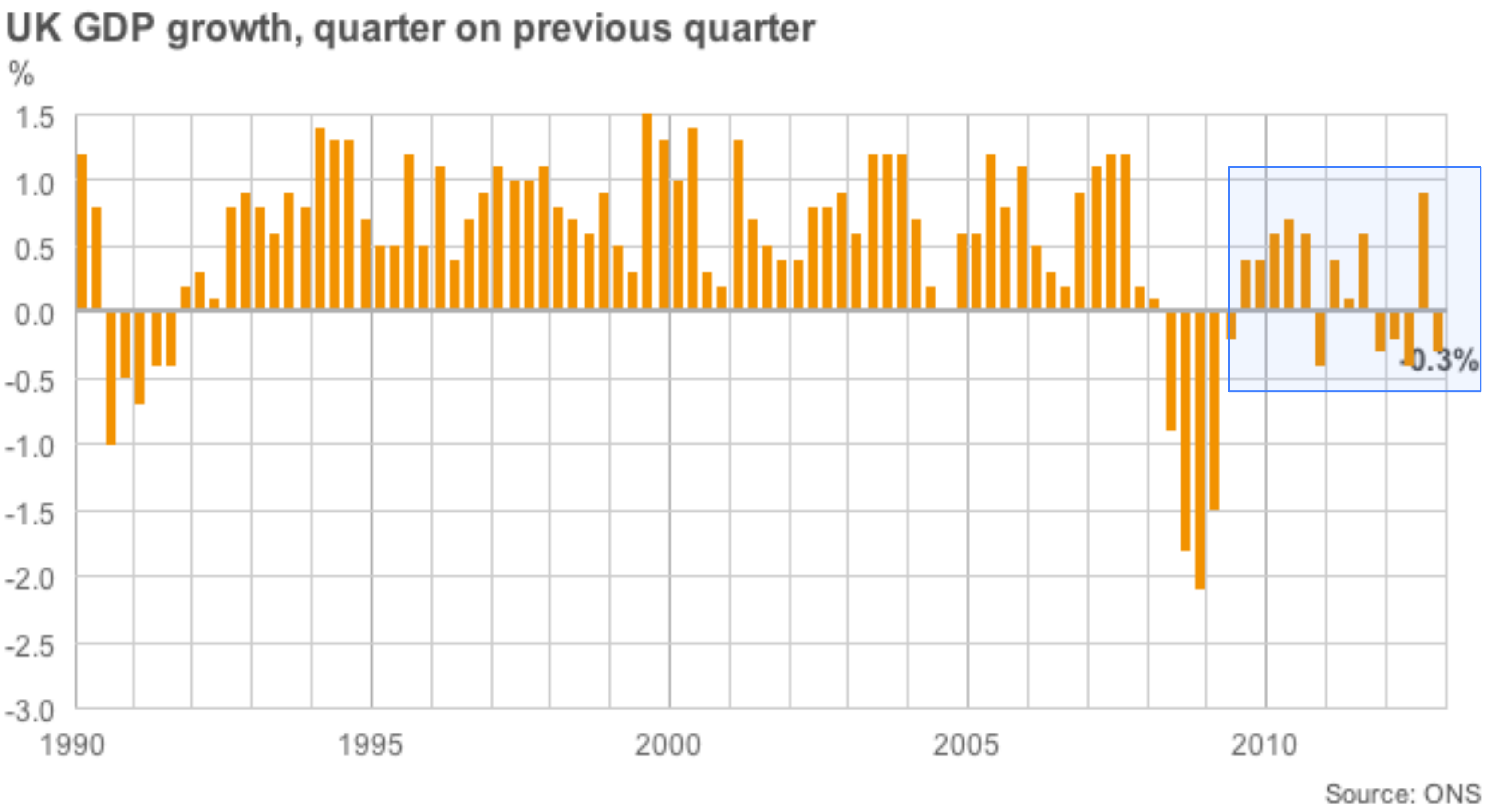
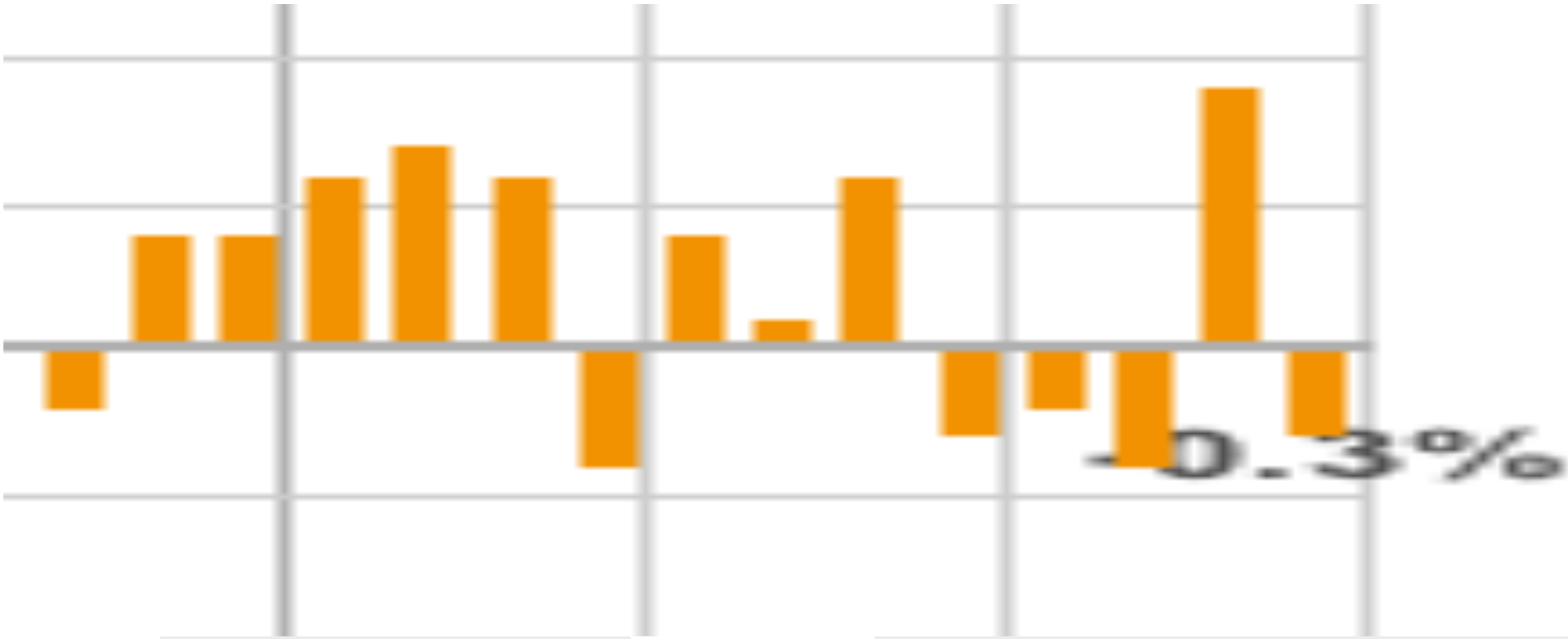
The Square in the Rectangle

Or over and underserving at the same time

MACRO Economy Stuff



MACRO Economy Stuff



MACRO Economy Stuff

AGENDA

- Background
  - Me and 3t
- The square in the rectangle
- Why What & How
- Business stages
  - **Product**
    Distribution
    Functionality
    Capability
    Succession
- Value
- Drama triangle
- Current market challenges

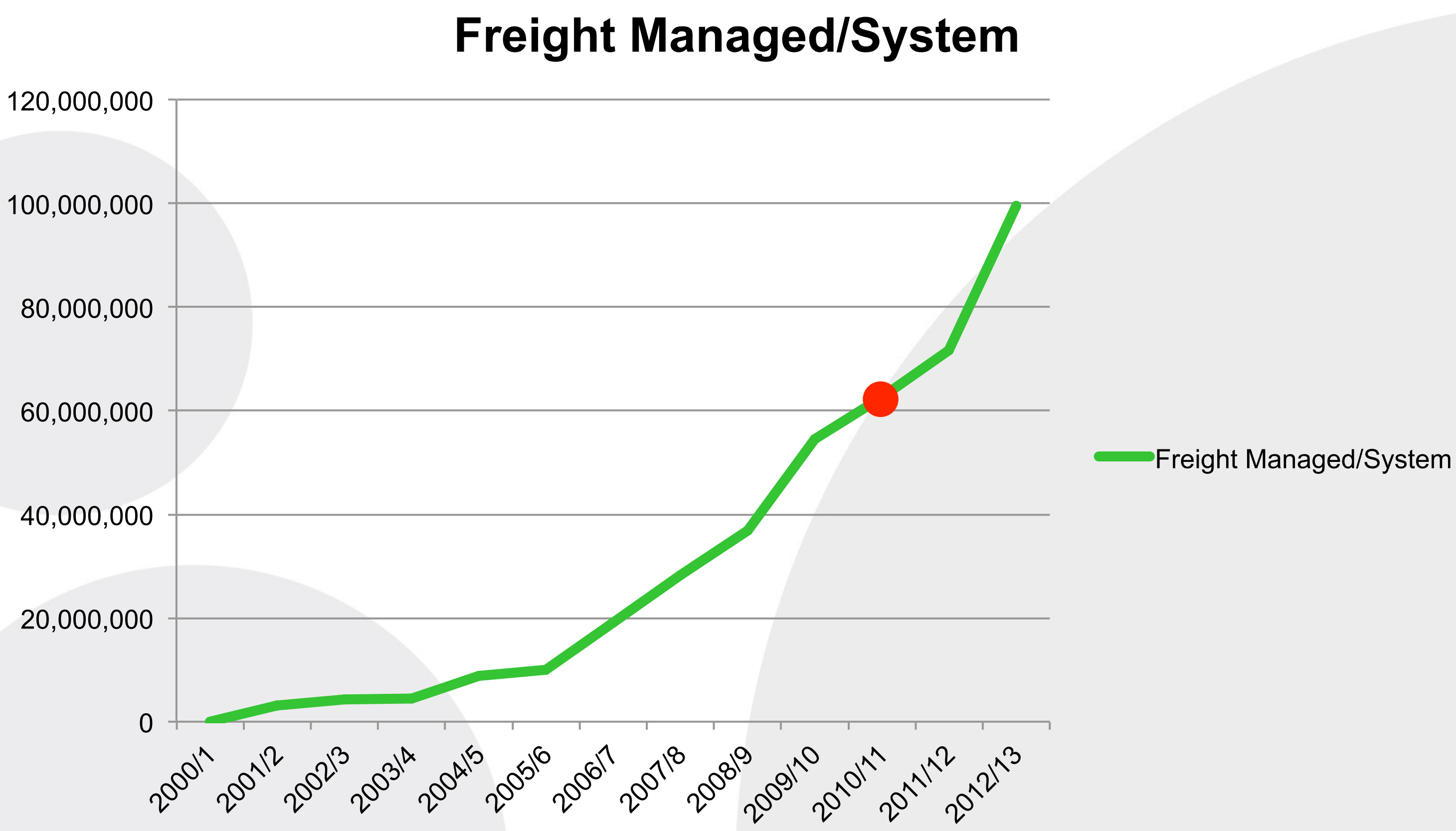
BACKGROUND

- Who am I?
  - Failed Rock Star!!! But took business seriously at the age of 21, (started my education and ended up with Henley MBA)
  - Have worked for, Sony, Currys/DSG, Ryder PLC, BT, London Carriers, Harrods, Ryder Europe
  - Been in the start up teams for three new divisions (led the last one)
  - Started 3t from 0 in 2000
- My expertise is based around land based transport

3t Group

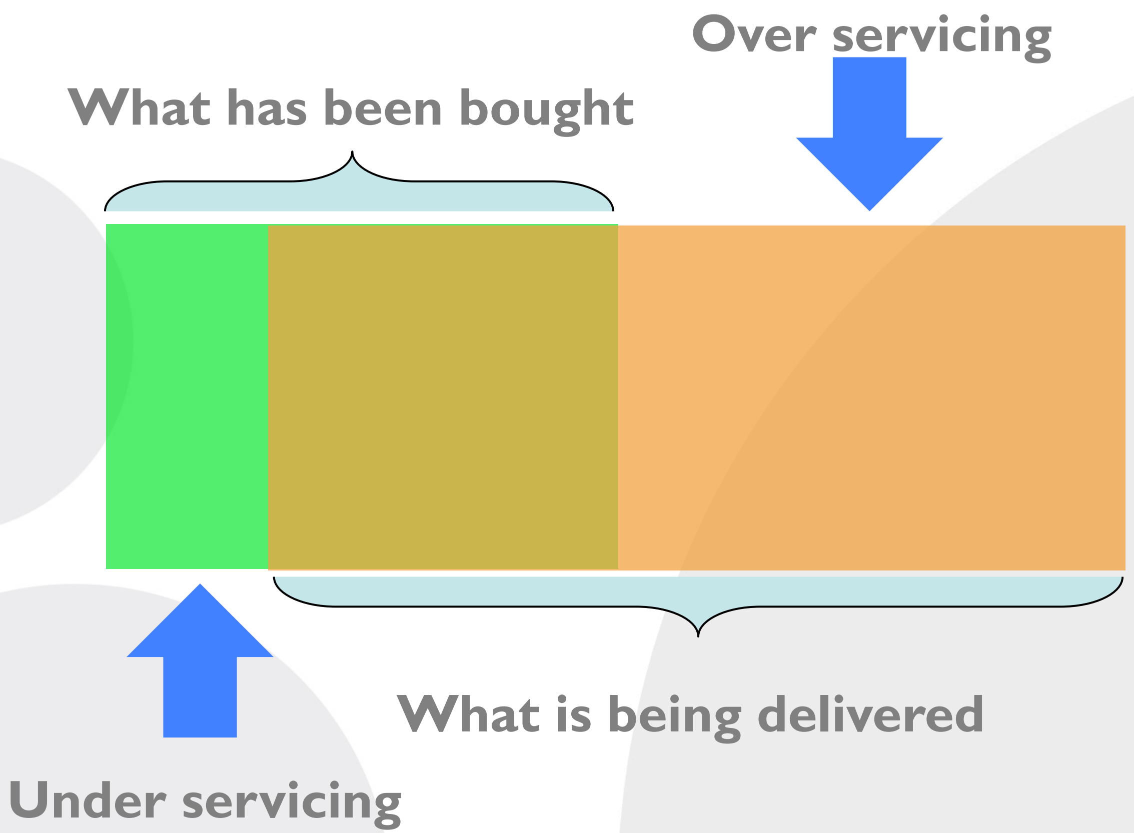
- Transportation management service offering, specialising in road transport
- Developed own transportation management system around client based requirements
- Offices in UK, France and Spain, circa €100m of road freight through the system
- We excel in working for companies with complex transport requirements
- Source statement sits above the mission and vision and provides the purpose of the organization and its goals
    - **"We want to change the Industry"**
- We want the company to be 20 times the size in 5-10 years

3t Growth



Freight Managed/System
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
0
2000/1
2001/2
2002/3
2003/4
2004/5
2005/6
2006/7
2007/8
2008/9
2009/10
2010/11
2011/12
2012/13
Freight Managed/System

Over servicing and under servicing
At the same time



Why

What

How

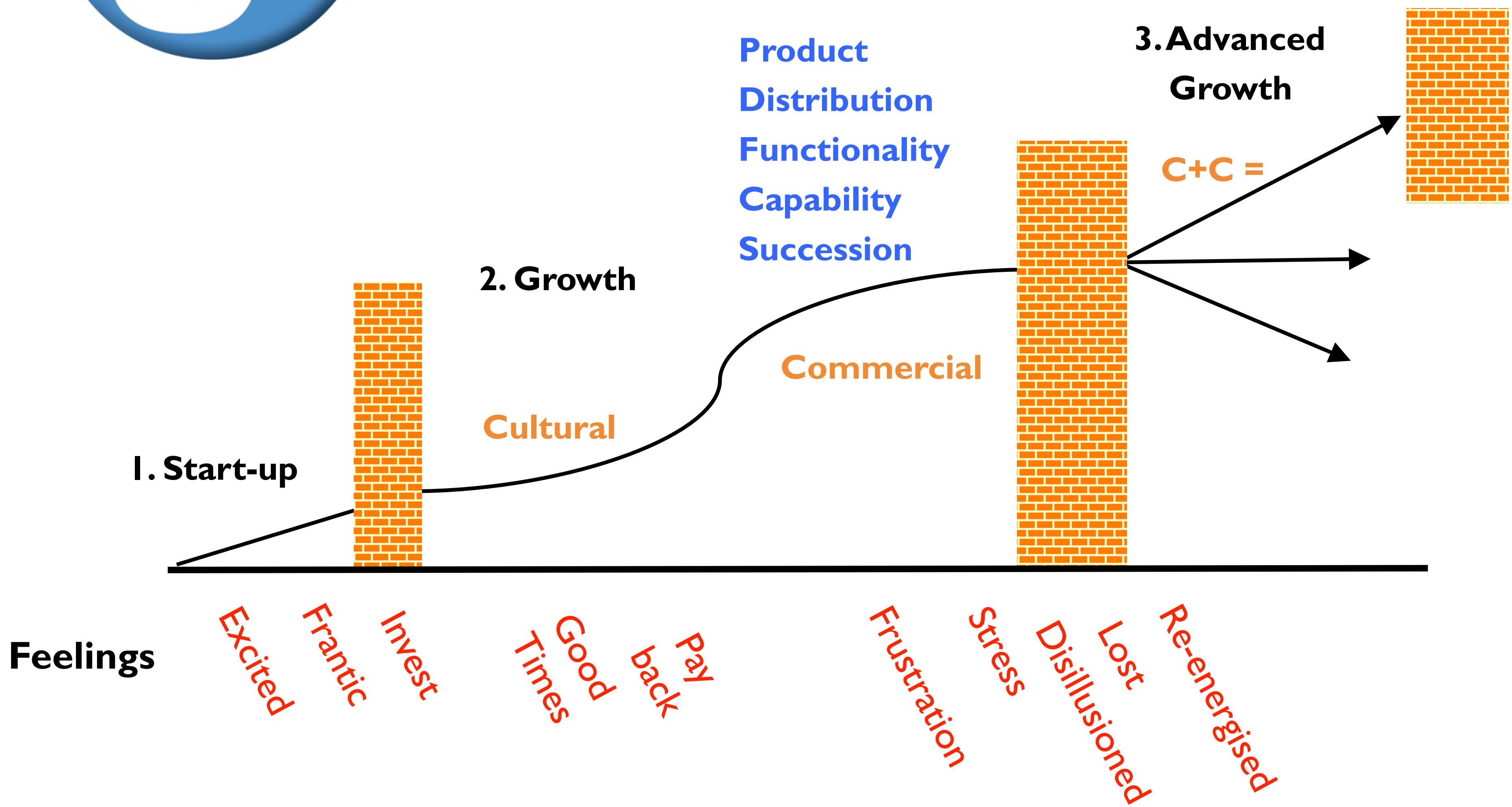
Clarity Compliance Behaviour

Why

- We want the company to be 20 times the size in 5-10 years
- Our mission
  - "Is to be the most technically advanced logistics organisation in Europe and be the first choice partner for any logistics professional"
- Our vision
  - "Is to radically reduce transport cost, provide service excellence and a platform for sustainable continuous improvement"
- Our core principle is fairness
- All good stuff but we need to earn money

WHAT

Breaking through the brick wall- Stages
(nicked from Shirlaws with their permission!!)



Product

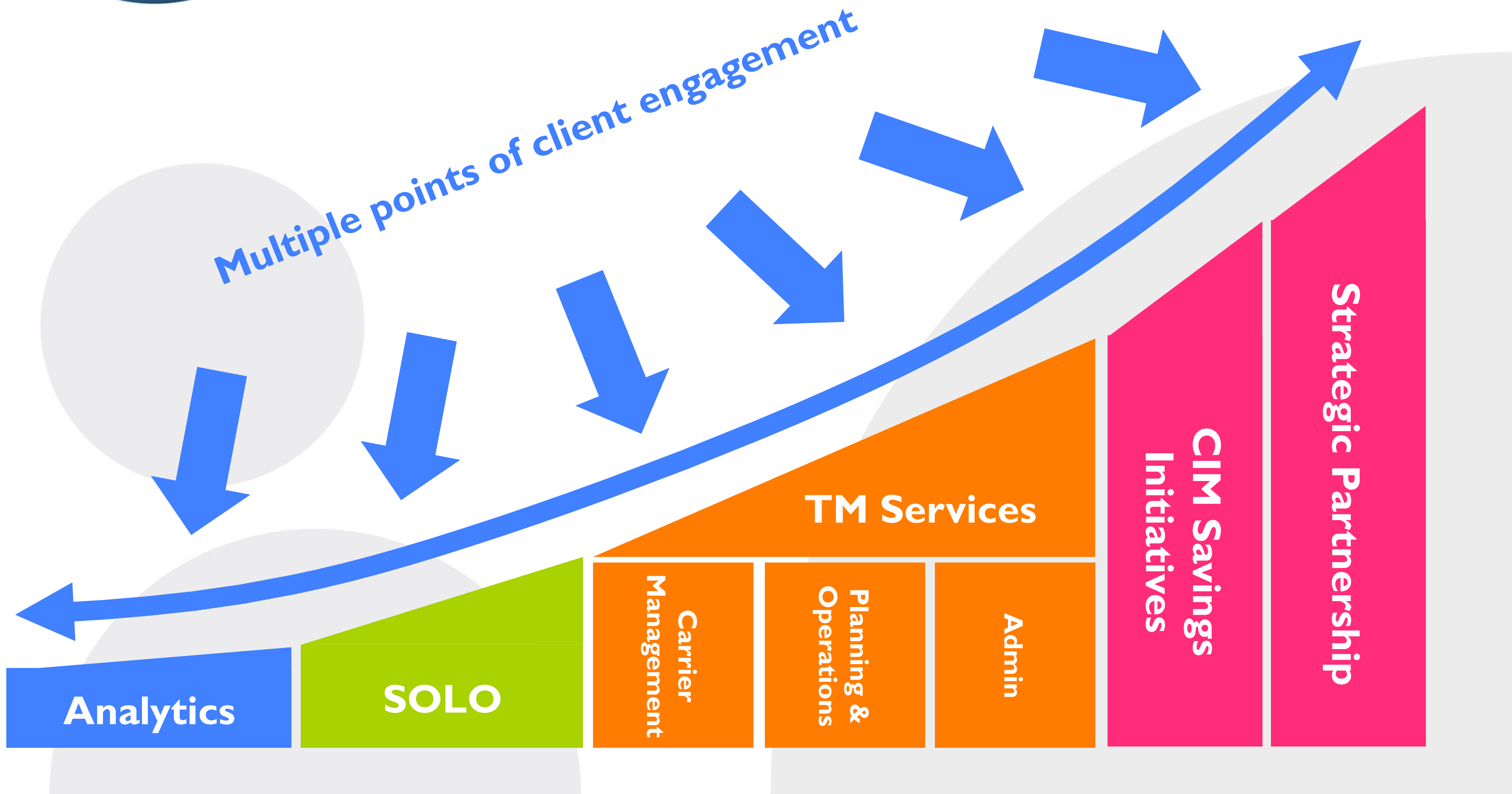
Distribution

Functionality

Capability

Succession

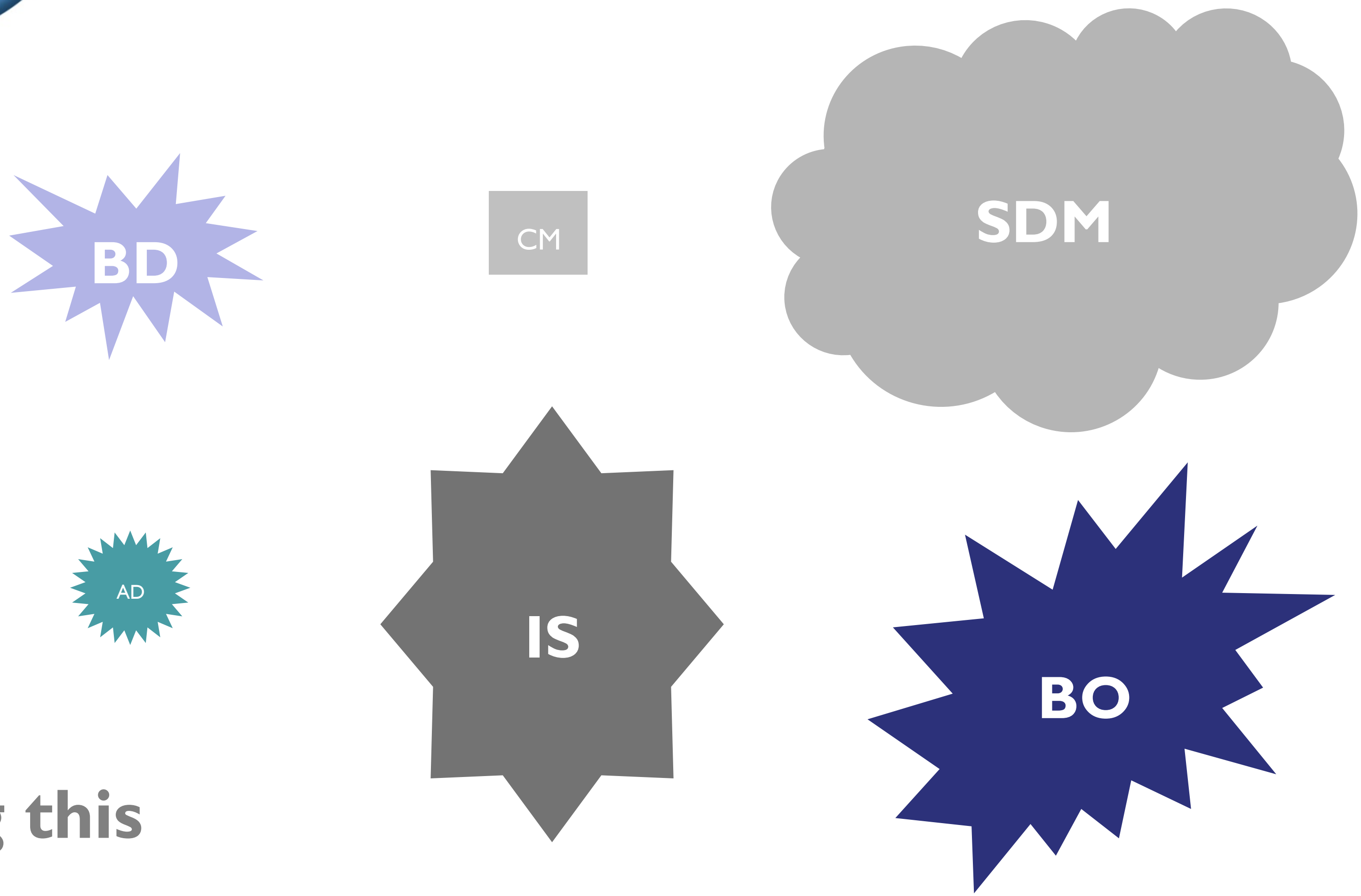
Product range



Product groups

Solo	3t	Symphony
System only solution Client Web	Traditional 3t 4pl offering Continuous improvement	Day to day transport management Carrier Management

Functionality



Turning this

Functionality

Sales & Marketing	Carrier Management	Service Delivery
Account Development	IT	Support Functions

Capability

Succession Planning

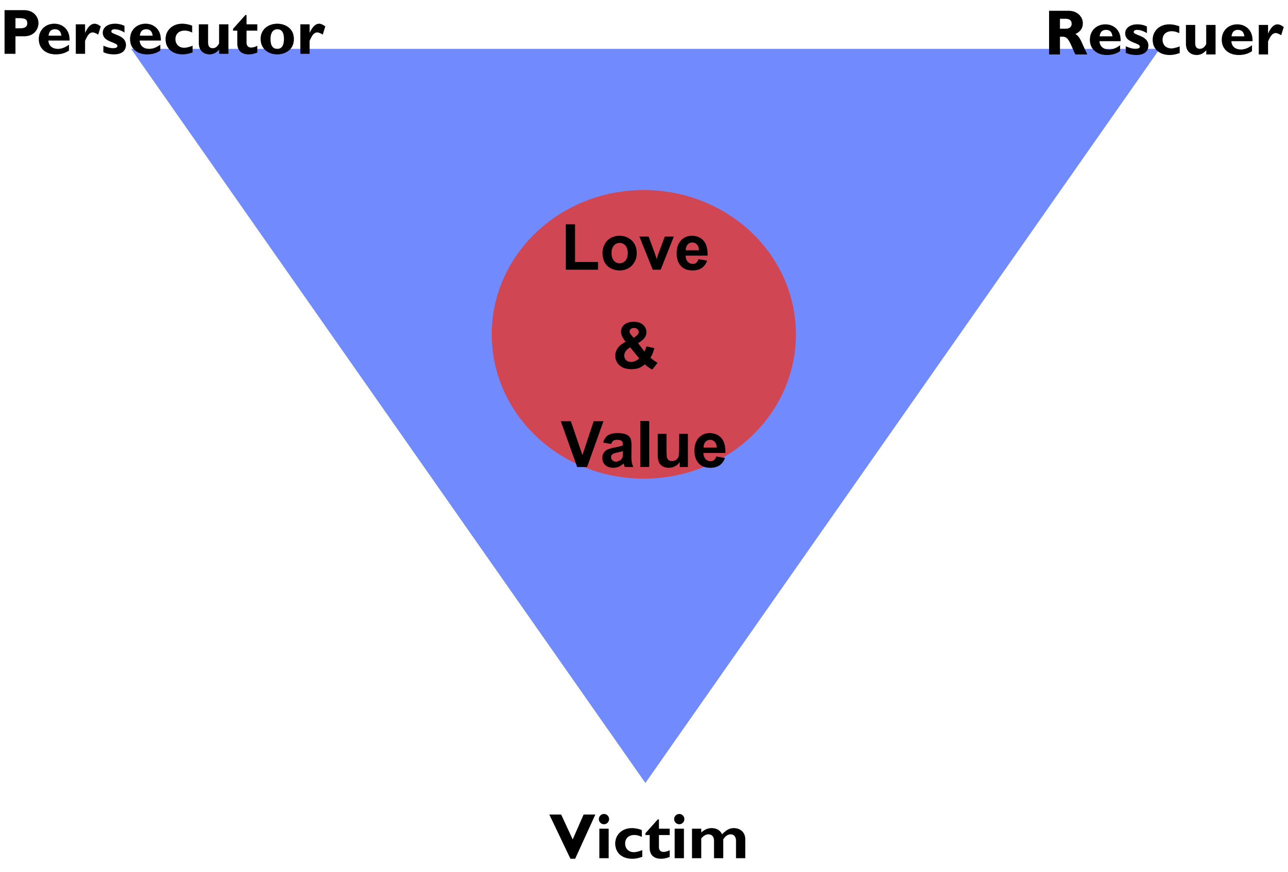
- Optimum career timing
- Pay higher than average
- 3t attracts the industry best (top 10%)
  - 3t already have a reputation in the industry for exceptional staff
- PDR
  - What do you want to do?
  - How do **YOU** get the best out of you
  - How does 3t get the best out of you
- Coaching and mentoring

Value

Value

- If you provide value
- If you feel valued
- You will feel confident
- Do we value our customers
- Do our customers value us
- Is 3t as a company confident

Drama Triangle (Stephen Karpman 1968)



Logistics Market Statistics

Latest rank	Previous rank	Company or trading name	Financial year end	Latest year turnover (£000s)	Latest year pre-tax profit (£000s)	Latest year employees
1	1	DHL	Dec-09	3,428,845	-4,223	60,000
2	2	Wincanton	Mar-10	1,326,400	48,400	27,840
3	3	Kuehne + Nagel	Dec-09	833,162	14,979	7,031
4	4	TNT UK	Dec-09	740,567	307,726	10,506
5	5	UPS	Dec-09	601,519	70	5,562
6	7	Norbert Dentressangle Group	Dec-09	490,605	-9,352	8,023
7	6	TDG (UK)	Dec-09	466,297	28,963	5,020
8	9	Stobart Group	Feb-10	447,661	34,063	4,919
9	8	Ceva Logistics	Dec-09	400,581	2,948	5,918
10	10	Parcelforce Worldwide	Mar-10	399,000	-6,000	4,434

Number of Depots	53
Sales Per Employee	£100,614
Profit Per Employee	£3,909
Return On Sales	2.73%

- The value of the UK logistics market is estimated at £68bn. (1)
- Road freight represents the largest sector accounting for 46% of value (£32bn), with warehousing valued at £24bn. (1)
- It is estimated that LSPs account for over 70% of the logistics spend, with the market made up of around 80,000 companies (2)
- The top 100 UK logistics companies have a combined annual revenue of £15.3 bn.(3)
- Top 10 UK logistics companies account for annual revenues of £9bn.
  (60% of Top 100 companies combined turnover).(5)

Notes

1. 2011 Data Monitor Report: Logistics sector includes transport (road, sea, rail and air) warehousing and contract logistics.
2. Cranfield University 2008.
3. Top 100 logistics company – Motor Transport Annual Report (including extracts from the report).

Market challenges

- Struggling economy since 2008
  - 8% reduction in operator licences
  - 11% reduction in HGV driver employed
- Market consolidation
  - Failed – small to medium sized carriers – MRS, Dodds
  - Acquisition - DHL, UPS, Norbert Dentressangle, Bibby
- Consistent pressure on price reduction
  - Usually in the form of rates
  - Collaboration to drive out cost
- Carbon footprint not on the agenda
- Margins that barely cover interest on debt

Something has to change

Thank you for listening