

Commercial vehicle sector

The commercial vehicle sector in Malaysia has seen minimal impact from global economic trends, and the sector looks to improve upon itself with new innovations and customer-centric focuses



By **Matthew Ooi**
matthewooi@malaysiasme.com.my
Pics by **Brandon Eu**
brandonueu@malaysiasme.com.my

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The Malaysia Commercial Vehicle Expo 2017 (MCVE 2017) has just ended, with major industry players in the commercial vehicle sector set to continue their efforts to innovate and improve, regardless of the impact that local and global economic trends have had on the sector. In our walkabout of the expansive MCVE 2017, it was clear that the commercial vehicle sector and its supporting supply chains have taken a hit no thanks to GST and the continued volatility of the ringgit.

Managing director at Hiino Motors Sales (Malaysia) Sdn Bhd Ken Iwamoto said, "GST has definitely affected us, but not as much as our customers in economic circumstances. Despite that, we have managed to record continuous growth over the years. For 2015, we recorded vehicle sales of 5,100, and last year we achieved a sales figure of 5,900. This year, we are expecting to achieve sales figures higher than 2016.

"As for the commercial vehicle market itself here, it has grown

slightly in comparison to the passenger vehicle market, which has actually retracted. This slight growth is because of the depreciation of the ringgit, as well as the general price increase felt here such as cost of fuel and transportation. These issues have impacted our customer's businesses."

MAN Truck & Bus (M) Sdn Bhd managing director Hartmut Mueller said that GST is part of their running costs, and is credited back to the company by the government. In practice, this should not affect the German commercial vehicle manufacturers too much.

However, Mueller explains, "The question about that (GST tax credits) is: when do we get it back?



Also, there are two other major issues we have to deal with now, and these are fuel prices and the foreign exchange rate, and both these additional costs have increased significantly, especially on imported goods."

Managing director of Volvo Trucks Malaysia Mats Nilsson says that Volvo Trucks Malaysia managed to increase their market share last year thanks to increased invoicing. However, Nilsson contends

that 2017 will be flatter than last year. However, he remained upbeat about Volvo Trucks' push for greater market share.

"We predict an overall growth of 10% this year as we move along in 2017. We are hoping to maintain our position as the number one choice in the commercial vehicle sector, especially with the launch of the FH16 in Malaysia.

"While Europe has been slow for the last few years, the market is

catching up and we are predicting accelerated growth there for the commercial vehicle sector. The Asian markets of course are growing very well too," said Nilsson.

DFTZ to boost transport sector

With the Malaysian government recently announcing the launch of the Digital Free Trade Zone (DFTZ), Malaysia's regional e-fulfilment centre which will provide physical and virtual spaces for the internet economy and cross-border e-commerce activities, certain parts of the economy have been expecting a boon for sectors like logistics, packaging, and of course, transportation.

Speaking on the potential of the DFTZ, Nilsson said: "I think it is an exciting initiative. With Jack Ma (founder and chairman of Alibaba Group) being the advisor of this initiative, it lends this project a lot of credibility.

"The DFTZ is going to be a great opportunity for us in Malaysia. We have talked to some e-commerce players here, and they have also predicted an increasing need for commercial vehicles when DFTZ comes into play."

Iwamoto also echoed this sentiment, and said that not only would the DFTZ go on to play a major role for the commercial vehicle sector, but also that their stable of clients are busy preparing for the onset of the DFTZ.

"Our customers have already started preparing for the DFTZ. We will definitely want to play a part in their expansion. The local logistics industry is going to see much growth with the DFTZ, and this will in turn stimulate growth in the commercial vehicle sector."

Mueller however, thinks that small businesses in Malaysia tend to delay investing and replacing their ageing fleet, which will drive costs up in the long run. As such, even if the DFTZ does become a reality, it will be some time before the small business community moves to make the necessary investments into their fleets.

"What we see that in the industry, especially the smaller players wait on investing into their fleet. This is due to exchange rates now being very high, and they have decided to wait another year to invest into a new fleet. But if they fail to do the right investments at the right time, their costs will raise at a certain point onwards.

"Take for example an old car. If it is fresh and young, the car would not incur much costs early on. ▶

r keeps on truckin'



Iwamoto

► But the older the vehicle gets, the more costs it tends to incur. This is the risk that small businesses run if they wait on making these investments. In Europe, the big fleets change their fleets very three years, because in three years they have two years of guarantee, and one year of extended warranty from the supplier.

"That's three years of no risk. They have clear maintenance contracts, which plays into this three year running time and they have fuel efficient trucks, with the best emission rates of the times. Three years can also mean new legislations, such as commercial vehicles needing to adhere to Euro 6 emission standards rather than Euro 5. Thus three years can be said to be the turnaround time, thus investing into a new fleet every three years makes sense," added Mueller.

New launches and innovations

In addition to great insights, MCVE 2017 proved to be a great launchpad for a host of new models, technologies and innovations.

Enter the all new SINOTRUK T5G. The T5G is a new medium and heavy-duty platform under Sinotruk T-series, which is developed by SINOTRUK and GERMAN MAN technology.

Sendok group CEO and managing director Gwee Bok Wee said at the launch, "The trucks are assembled locally with German technology. As such, the vehicles

are cost efficient, in addition to being high quality; perfect for local players in Malaysia."

Sendok Group is a local distributor of SINOTRUK heavy commercial trucks from China National Heavy Duty Truck Group Co Ltd

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(CNIHTC), whom are one of the biggest players of China's heavy-duty truck industry.

MAN Trucks also launched their new training programme, the MAN ProfiDrive. It is a new sector-specific training programme, tailored to individual customer requirements. The training helps address fuel economy and driving safety for various types of transport assignments.

Mueller said, "This new training



Marie speaking to reporters at MCVE 2017

programme that focuses on the customer's specific transport task enables us to more effectively help our customers lower their Total Cost of Ownership (TCO). By equipping drivers with better vehicle handling and economical driving skills, the training can help cut back on fuel consumption by as much as 10% and reduce the need for constant vehicle maintenance."

ProfiDrive training is hands-on, and is carried out with the driver's own loaded vehicles. This will further increase the long-term learning effect of the training, according to MAN Trucks. The programme can be conducted at any location and covers both practical driving skills as well as theoretical aspects of safe-

ty, economy and vehicle inspection.

Marie said, "Scania's sustainability efforts aim to enhance the lives of society while helping transport operators achieve the best profitability. With congestion, pollution, energy security and climate change continuing to affect our way of life, the future of transportation is already here as Scania has the technology of tomorrow, here today, especially in Malaysia.

"Malaysia has a commitment to meet the greenhouse gas emissions reduction target of 45% by 2030. As of 2013, Malaysia was already at 43%, from 0.53 unit per GDP to 0.3 unit per GDP and continues to improve.

"As there is no one silver bullet, there is a need for a wider range of solutions to meet a wider range of

needs, and these solutions have to be profitable. Scania continues to provide sustainable transport solutions to customers today and field-tests newer technologies with customers; as showcased here at the MCVE."

Some of Scania's solutions towards providing sustainable transport solutions for customers include the Scania Vehicle Optimiser (SVO) software, which seeks to optimise vehicle specifications of customers for the best fuel economy. Alongside that is the Scania G-Series, a vehicle that continues to be popular with long haulage customers for its comfort, storage and fuel efficiency benefits that are achieved with a bigger cab size and optimised aerodynamics. **MSME**

