



SC Gaspeco L&D SA, the biggest player on the Romanian LPG market

GASPECO L&D S.A. is the leading player in the Romanian LPG market with an overall 30% market share. Having a turnover of 120 million euro and sales of 130,000 tons of LPG in 2012, the company wants to continue the tradition of supplying LPG in a constant moving market.

The main product provided by the company is LPG (liquid petroleum gas) offered to the customers in different forms and for special uses such as:

- Gas cylinders (for domestic uses such as cooking, heating)
- Autogas (ecological, environmentally-friendly fuel use as an alternative for cars)
- Bulk gas (propane gas offered to industrial and commercial clients)
- Wholesale (LPG products offered to small filling plants)

Company history and GASPECO's new strategies

Shell Gas founded in Romania, in 1996 a company as a joint venture between Shell Gas Holding and National Oil Company Petrom, which later became OMV Petrom. In 2008 Shell Gas had decided to leave the Romanian market, so OMV Petrom SA used its right of first refusal and purchased its shares. From 2008 until 2012, the company was called Petrom LPG SA. In 2013, SC Crimbo Gas International S.R.L. purchased the company and changed its name to GASPECO L&D S.A.

During the interview, the General Manager of the company, Mr. Marian Manescu, explains why OMV Petrom had decided to sell the LPG segment. Regarding this aspect, he connects the reason with the overall strategy of OMV Petrom Grup which is "Optimize downstream, increase upstream". In his opinion OMV Petrom had considered that this "final customer business" can be done much better by a company focused only on bottling and distribution. In this case, the company felt that the usage and the distribution of the gas was downstream. This didn't change the fact that OMV Petrom is their main LPG bulk supplier.

The new company goal became to get closer to the customers. The current General Manager, Mr. Marian Manescu says: "OMV Petrom had a strategy specific concerning big corporations, with upstream and downstream, and after January 15th (when the name of the company was registered officially) we wanted to be closer to the customer, more flexible. We made great efforts to reduce the price for the final customer by optimizing internal costs, by optimizing the staff structure and production and distribution costs." Another strategy taken by the GASPECO, says the General Manager, is to attract as partners other distribution companies with their own network."

Speaking about the technology used by GASPECO L&D, one of the most innovative and adaptive programs is an integrated information system, VOIGT, which was developed by an external German supplier. The VOIGT system contains tailored developed applications for LPG sale and distribution business, including a customer service center (order management, credit limit management, customer creation and management which support company to monitor and control deliveries and invoices), production booking and stock management. The VOIGT system is fully connected with the enterprise resource planning software provided by SAP. All these allowed the company to offer to its clients better services in a shorter time.

Security and customer safety is the first priority for Gaspeco. The filling of the cylinders is totally automated eliminating the risk of human error in the two cylinder-filling plants in Negoisti, Prahova County and Timisoara, Timis County. Any defect is automatically removed from the filling line allowing them to be sure that we deliver a quality product to the standards required by our customers. The company has a reputation in the market that is synonymous with reliability. For several years, the company has invested heavily in acquiring, revamping and branding cylinders and performing periodical technical inspections for all its cylinders.

The company has invested and obtained ISO certification: ISO 9001:2008 Quality Management System certification ; ISO14001:2004 Environmental Management System certification; OHSAS18001:2007 Occupatio-

nal Health and Safety Management System certification.

Regarding the future evolution

In this year, Mr. Marian Manescu expects an increase in turnover with 15% more than last year, over 120 million euro. He says: "this year is a critical one for us. We will try to optimize all the activities by small investments, flexible measures in the market, marketing actions which we expect to have in the second part of the year. We didn't target the profit this year because we have to re-establish the position of the company in the Romanian LPG market as a main player, a trustworthy and safe supplier for our customers , ... We must sustain our new name to be properly recognized on the market by continuing the tradition of our two predecessors Shell Gas and OMV Petrom"

The General Manager reveals Gaspeco's intention to launch a new promotional and communication campaign, starting from the second part of the year with the main scope of developing the new image of Gaspeco

The LPG industry was hit by the economic crisis and it suffered a visible downsize dropping over 30,000 tons in three years. The General Manager considers that the market will slowly recover in line with economic growth estimates and we will see an increase of around 3-5%, over 2012 market.

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Voigt Software und Beratung AG
Reinhold-Würth-Str. 19, D-74360 Ilsfeld
Telefon +49 (0) 7062 91550
e-Mail info@voigtsoftware.com
www.voigtsoftware.com



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BALCANIC S.R.L.
 Zona Industrială Săcălaz, str. Industriei nr. 13/A
 307370 Săcălaz, Timișoara, Romania
 tel.: 0256 225 46, fax: 0256 292 117
 e-mail: office@balcanic.ro, www.balcanic.ro

Regarding the cylinders market, Mr. Marian Manescu considers that this is a mature one and a further development is unlikely to happen. He thinks this is a result of the fact that more and more people have switched from LPG to natural gas, electricity or alternative energy. In return, the auto LPG market is expecting to show constant growth. With a market share of 11% and 20,000 tons sold per year, the company looks into the future with confidence, expecting a substantial increase.

By comparing the Romanian car fleet with the Bulgarian one, the manager anticipates an increase of LPG consumption. He declares the Bulgarians have 1 million cars with LPG installations from its total fleet of 3 million cars. He expects the Romanian market will follow the same course, mostly because there are 7 million cars and so far only 400,000 cars which use LPG. Also, the autogas is safe and environmentally-friendly and much cheaper, around 55-60% of petrol prices, for a fuel consumption just 5-10% higher.

The Romanian gas market of bottling and distribution

The Romanian market is different from other West European markets because it has over 70 filling plants and other countries have around 15 filling plants only. Mr. Marian Manescu says they are different and better organized in operating this business. Next, he says the Romanian growth came from people thinking, "I want to be the owner of my own filling plant" had somehow distorted the business. But, in the near future he is convinced the business will be much better co-ordinated and by applying the European safety standards all unsafe and unreliable filling plants will be closed.

In his opinion, the Government must apply the law and take all the needed measures. So, he wishes for more initiatives from the Government like the Junk Cylinders Program and to modify the law regarding the C3 standard which allows companies to fill with gas other company's cylinders. The General Manager claims: "It's not fair for us and for serious players, because our company had invested over the years over 70 million euro in cylinders. We have a park of over 4 million cylinders on the market and others can refill them." The company is making efforts to maintain the cylinders in order to provide to the final customer a quality safe product. The company has its own checking station and works with two partners for the painting and the cleaning of the cylinders.

Gaspeco's strengths are the quality of its products, reliable services, national coverage and the fact that it provides a traditional product. The slogan of the company is: "Quality, safety, tradition." In addition, Mr. Marian Manescu states: "We don't offer just a product, but also a solution to our customer needs. We adapt to the needs of each customer segment".

Robert Moisa



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tel./fax: 0040 21 311 23 03
e-mail: office@compasslogistik.ro
www.compasslogistik.ro