

## Automotive spare parts market 2020

**The difficult full of changes 2020 is now over – here is our subjective selection of the most important events.**

2020 has taken its toll on all industries due to the coronavirus pandemic. Cancelled trade fairs, changes in the functioning of branches of automotive spare parts distributors, closed car factories as well as factories manufacturing spare parts and components – this way you can sum up what happened last year.

A part of the operations moved to the Internet – virtual fair trades appeared, online sales increased, as well, debates and conferences as well as trainings for car mechanics have probably become a mainstay in the virtual world.

### **Gloomy mood in the first half of the year**

The situation was the worst in the first half of 2020. This is shown by [data from a KPMG and PZPM survey conducted in the first half of the year](#) which leaves no doubts as to the negative impact of COVID-19 on the Polish automotive market. The automotive industry manager sentiment index was only 20 points which represents a decline by as many as 46 points in comparison to the survey conducted at the end of December 2019.

Since then, the automotive manufacturers' sentiment index has declined by 36 points down to 25 points, and the distributors' sentiment worsened by as many as 52 points reaching merely 16 points. Automotive companies have assessed the situation in the industry as very negative – 70% of manufacturers and 71% distributors think that the current situation in the industry is rather bad or very bad.

According to the [ACEA report](#) concerning the condition of the automotive industry after the first three quarters of 2020, it has experienced its biggest crisis for years. The COVID-19 pandemic and related rescue measures have plunged the European economy into the deepest recession since World War II. The production of passenger cars in Europe declined by 29.2% down to below 10 million cars. From January to August 2020, EU exported passenger cars worth EUR 70 billion, that is, over EUR 23 billion less than a year ago. Interestingly, no drops were observed in the category of electric and hybrid cars.

More optimistic information comes from the latest [“AutomotiveSuppliers” report](#). The report shows that the automotive industry has recovered a part of its losses caused by the COVID-19. During the three quarters of this year, the production sold in the PKD 29 group

(manufacture of motor vehicles, trailers and semi-trailers) amounted to PLN 98.72. It's 20.4% less than a year before.

During the third quarter, there has been a significant improvement. Even after two quarters, the decline in the sales year over year amounted to 30.1% which was related to the limitation of manufacture of vehicles and components in Europe (2nd half of March – 1st half of June). In the third quarter, the automotive industry saw quite a strong boost. During this period, the production sold was larger than the one from a year ago by approximately 5%.

Throughout three quarters of this year, export of spare parts and accessories amounted to EUR 7.52 billion, that is, 23.62% less than a year before. Germany is still the largest market (32.98% of the total). Export to Poland's western neighbour has fallen by 25.92% (EUR 2.48 billion). Other recipients are: The Czech Republic (9.18% of the total, -18.53%), Slovakia (7.47%, -19.72%) and Spain (5.29%, -26.12%).

## **Redundancies and investments**

Due to the coronavirus pandemic, **MANN + HUMMEL** Group decided to [close down the factory in Ludwigsburg](#), which produced, among others, fuel, oil and air filtering systems for original fitted as original equipment. In November, in turn, **MANN + HUMMEL** informed, that it considers [closing down the production facility in Great Britain](#).

In relation to the situation on the automotive market **Mahle company accelerated the restructuring** of the Group and estimated global excess production capacity at the level of 7600 of job positions. And in June, **ZF** factory in Częstochowa started [the process of terminating employment contracts](#) in the form of a collective redundancy.

Yet, the past year saw not only the closing down of factories and redundancies, but also investments. [Hella expands its electronics factory in Lithuania](#) which has been operating in the Kaunas Free Economic Zone since 2018.

Companies in Poland do not give up and make investments, as well. **Auto Partner** Group decided to [expand the storage room as part of the Pruszków hub](#). Currently, the storage house has 8.5 thousand m<sup>2</sup> and supplies 34 Group branches (out of 90 existing ones) and 4 foreign agencies: Lithuania, Latvia, Estonia, and Finland. In August, **Inter Land** (owned by **Auto Land** and **Inter Parts**) began [another stage of construction works](#) on the premises of the central warehouse in Stawiguda.

**ElectroMobility Poland** has chosen Jaworzno as [the location of its first electric car factory in Poland](#). The construction is scheduled for autumn 2021.

### **This is also the year of ownership changes**

Despite the difficult situation on the market, this year saw acquisitions, as well. In June, [at the general meeting of shareholders of Delphi Technologies](#), the majority supported the merge with **BorgWarner**.

**ZF Friedrichshafen AG**, after obtaining the consent of all required supervisory authorities, have successfully completed [the acquisition of WABCO](#) – a commercial vehicle technology supplier. Meanwhile, ZF Aftermarket informed of the merge between [ZF Friedrichshafen AG and TRW KFZ Ausrüstung GmbH](#).

[Nissens acquired the subsidiaries of AVA Quality Cooling](#) in the Benelux countries, Central and Eastern Europe, Great Britain and Denmark.

### **Automotive spare parts market in Poland**

The turbulences also affected the Polish spare parts market. The situation in the industry was reflected in the financial results of two Polish automotive spare parts distributors listed on the Warsaw Stock Exchange.

Let's look at [financial results of Inter Cars for the first half of 2020](#). Consolidated revenue from the sales made by **Inter Cars** Group has fallen by 4% in comparison to the first half of 2019. As explained in the company report, the decline in the sales was the result of the pandemic caused by SARS-COV-2 spreading all over the world. As a result, many governments, including the Polish one, introduced radical limitations in the social and economic activity as well as travel restrictions. Despite the gradual easing of the restrictions, the activity of companies, including **Inter Cars** Group, is still carried out in the conditions of limited consumer demand.

In turn, [Auto Partner Group](#), after the period of weaker sales in March and April and partly in May, continued its two-digit increase in the revenues already in June. On the export market, both in the second quarter – the most affected by the government restrictions related to the pandemic – as well as in the first half of the year – the Group recorded two-digit increase in the foreign sales (by 12% and 18% YoY, respectively).

[Inter Cars Group continues its strategic cooperation with Castrol](#) and expands its cooperation with [ExxonMobil](#).

At the end of June [Hart stopped being a member of the Nexus Automotive Central Europe and Nexus Automotive International networks.](#) [Gordon Automotive Warehouse prepares for the celebration of its 30th anniversary.](#)

Despite the ongoing pandemic [ELIT Polska have not ceased its operations relating to the expansion of the modern network of subsidiaries,](#) as well as enriched its portfolio of the products offered with new brands.

In order to meet the needs of drivers during the pandemic [Moto-Profil introduced a service, ProfiAuto Pay](#) which allows drivers to pay for repairs performed in the **ProfiAuto Serwis** or spread the payment over instalments in the application.

**Polska Grupa Motoryzacyjna** launched a project called [Polish Automotive Production Hub](#) addressed to companies which wish to transfer their production to Central and Eastern Europe.

## Personnel changes

In October, the industry was surprised by the fact that [Bogumił Papierniok ceases to act as Managing Director and member of the Management Board of Moto-Profil](#) and to work for **Moto-Profil** and **ProfiAuto** network. [Łukasz Kopiec joined](#) the Management Board of **Moto-Profil** and Vice President of the **Moto-Profil** Management Board [Michał Tochowicz, joined the Supervisory Board of TEMOT International.](#)

In August, [Tomáš Kaštil resigned from his role of a member of the Management Board of Inter Cars.](#) The previous President of **SDCM**, Alfred Franke also [decided to quit his job.](#)

Three new persons joined the Management Board of [Polska Grupa Motoryzacyjna](#) during the vote at the General Meeting of Members held in September. The following were elected for office for the first time: Barbara Sztylek – CEO of **Sierosławski Group** (manufacturer of plastic automotive components and injection moulds), Krzysztof Frelek – Vice President of **FA Krosno SA** (manufacturer of gas spring) and Piotr Borucki – President of **Tip–Topol sp. z o.o.** (manufacturer of suspension membranes trucks, buses and semi-trailers). Adam Sikorski – owner of **PZL Sędziszów SA** (manufacturer of filters for the automotive and lithium-ion batteries) as well as Karol Zielonka – Deputy Head of Research of **Łukasiewicz Research Network – Automotive Industry Institute** have been re-elected by the members of **PGM** for another term of office.

Jerzy Mendala, Commercial Head of Passenger Car Tires and Member of the Management Board [Continental Opony Polska](#) has retired at the end of December 2020.

At the shareholders' meeting of [Nexus Automotive International](#) a new president was elected – Gerson Prado from Brazil. And as of 1 January 2021, [Philippe Colpron will take over the role of Executive Vice President](#) as Head of spare parts market department at **ZF**.