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"Fit for 55" will affect the whole automotive industry, including the aftermarket

Autonet Group Holding joins forces with Augsburg International Autonet Group

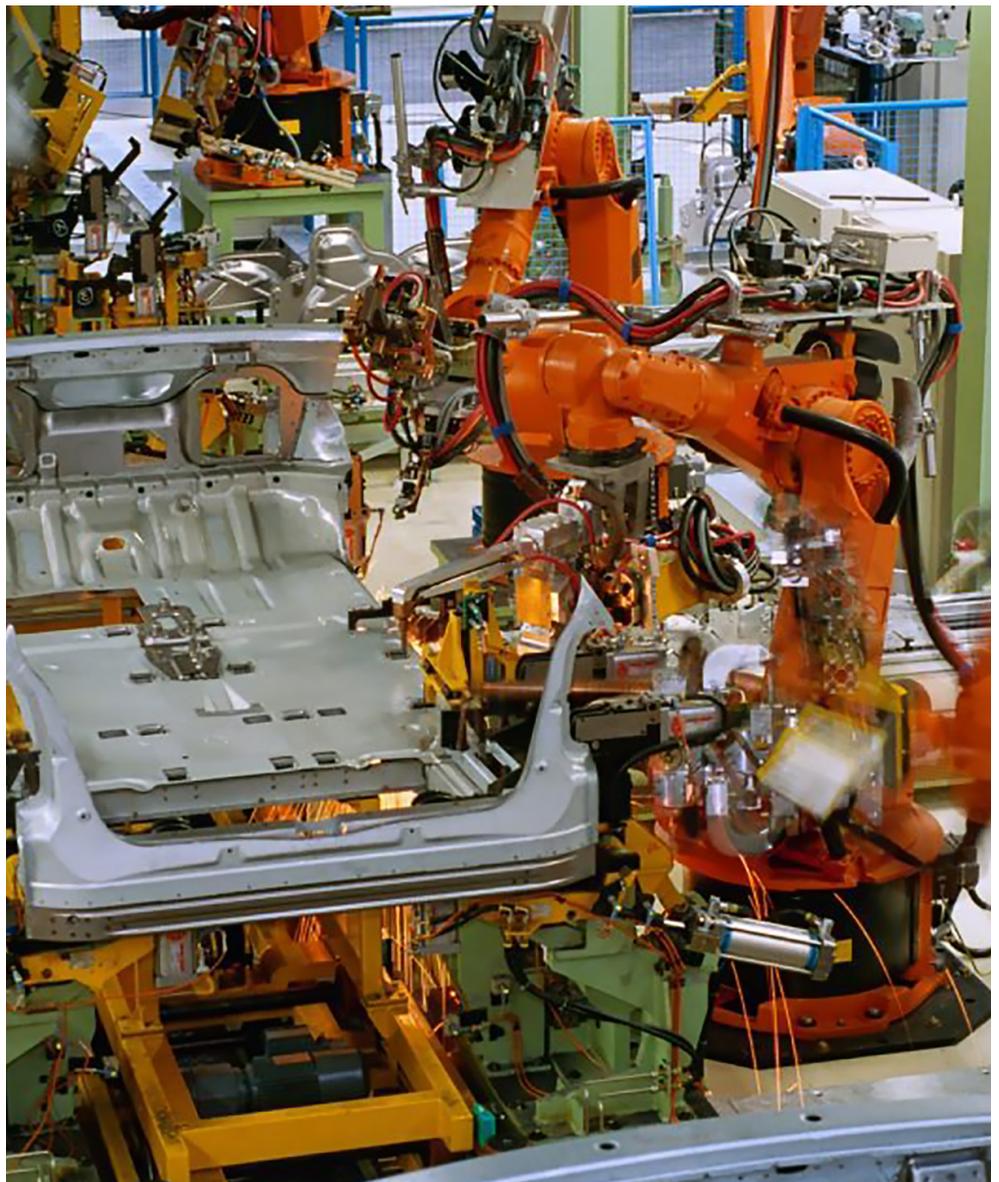
Inter Cars and Autonet want to acquire shares in Partslife

After a long period of virtual events and meetings, NEXUS Automotive International has initiated a series of live meetings

Cover story

Downtime at car factories:

How are parts manufacturers coping?





Welcome!

We invite you to read the next issue of "Motofaktor Business Report". This time, we devote a lot of space to the problem of the shortage of semiconductors and disruptions in the supply chain and the impact of these phenomena on the automotive and aftermarket industry. We especially recommend an interview with Jakub Farys, president of the Polish Automotive Industry Association, about the future of the aftermarket in the context of the development of electromobility.

Joanna Piszcz
Editor in Chief, Motofaktor.pl

Motofaktor.pl is an online portal for the automotive industry in Poland.

The latest information on products - automotive components - and services related to vehicle repair is available at your fingertips.

A place on the Web for professionals - owners and employees of car repair workshops, automotive stores and wholesalers. Moreover, valuable source of information for automotive spare parts distributors, importers and manufacturers connected with automotive sector.

contact details:
info@motofaktor.pl

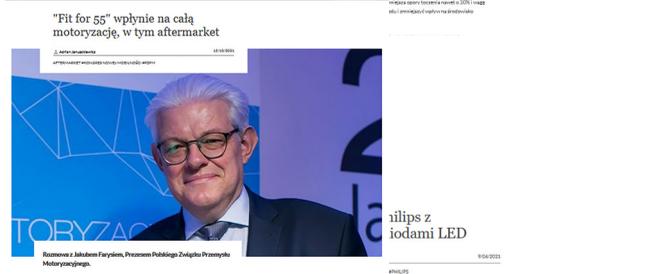
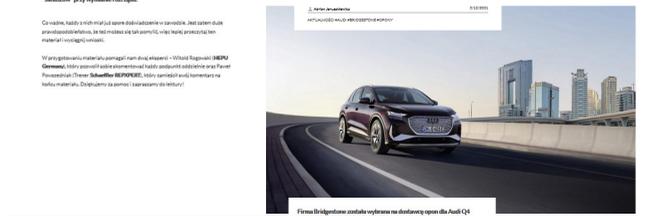
service

moto

business auto parts

market analysis

products



Na polskim rynku zadebiutowała właśnie nowa odświeżona wersja Premium Lampy Philips Perlight z diodami COB LED i światłoczynnikami CRI > 95.
Hlavní výhodou je velmi dobré světlo v rozsvícených, vysoké světlo zářivo vyzařuje novocenného třířadového světla, jakým jsou výhledové diody LED. Může být vhodné pro výhledové osvětlení, kde je třeba zaměřit pod masku světla, line a změnit na nižší výkon v závislosti na charakteru řidičských, kdy je to třeba, což může být zaměřeno v tradičních formách světla.

Czech moto industry with government support

Employment comes first

On 18 October, members of the Czech tripartite committee agreed that the Czech government would support the automotive sector and related industries.

by Adrian Januszkiewicz

The Ministry of Labour and Social Affairs presented the possibility of using Antyvirus and other tools as a response to the current labour market situation. There is a high risk of deteriorating conditions, especially in the automotive industry, mainly due to the shortage of semiconductors. The government wants to provide aid to

companies retroactively from 1 October. The aim of the measure is to maintain the maximum possible employment rate in the key automotive sector.

In September this year, 56.1 thousand cars were produced in the Czech Republic, 53.1% less than last year. ●

Summary:

- Czech government would support the automotive sector
- The programme has been broadly approved by the European Commission until the end of the year

Andrej Babiš Czech Prime Minister

The entire supplier sector to our manufacturers is at stake. That is why we have talked about how we will support employment. There is an Antyvirus programme that has worked well under COVID, which is a contribution of 60 per cent of salary plus insurance premiums, i.e. costs for the period of impediments to work. A maximum of CZK 29,000 per employee per month. The programme has been broadly approved by the European Commission until the end of the year, but at the same time the Ministry of Labour and Social Affairs and ÚHOS (the Competition Protection Office) are negotiating both a new Kurarbeit Act and an extension of the Antyvirus programme. I will write to Commissioner Margrethe Vestager to ask for a meeting. On Thursday, I will be at the European Council in Brussels to discuss with them whether the Commission will support our proposal for an extension to the end of the year in this modified option.



Specially for Motofaktor

Jakub Faryś:

"Fit for 55" will affect the whole automotive industry, including the aftermarket

by Adrian Januszkiewicz

Jakub Faryś, President of the Polish Automotive Industry Association.

One of the major themes of this year's New Mobility Congress was the "Fit for 55" package. What implications do you think this programme could have for the automotive aftermarket?

Above all, it will have a great impact on the automotive industry as a whole. Much will change, because if the European Commission's proposal comes into force, then in short, from 2030 onwards, more than half of the cars sold will be low-emission cars, understood as BEVs or PHEVs. The question is, what about hybrids, which are very popular at the moment, won't some countries ban their sale sooner? Let us hope that their sale will also be permitted, along with CNG and LNG vehicles, which play an important role in goods vehicles. That is - automotive will undoubtedly change. The changes will primarily concern production, as the vast majority of products entering the market will be different from those currently on the market. We are already dealing with electric cars, but they are relatively few in number and the technologies used in them are new, so they are not yet having a major impact on services and the independent parts market.

But, of course, this will soon affect the aftermarket, i.e. the parts and components needed to repair low-emission vehicles. This raises questions: -how will the market form, -how will independent manufacturers, as well as garages, find their place in it? Because they are closely linked. I think we should already be thinking about what the aftermarket will look like, especially as we have to assume that

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- operating vehicles will require, firstly, IT skills and, secondly, a very deep knowledge of electricity, as installations in vehicles are 400-800 volts



new vehicles will have many more electronic components 'in them'. As a result, operating vehicles will require, firstly, IT skills and, secondly, a very deep knowledge of electricity, as installations in vehicles are 400-800 volts. A mechanic who has so far repaired, for example, automatic gearboxes in modern cars and is a great professional will not immediately be able to repair electric cars. He will have to learn how to do this, and he will also have to obtain the right qualifications, such as SEP. People's lives are at stake here, and trial-and-error repairs can be disastrous in this case.

On top of this, there are also bodywork and paint repairs. A few months ago, there was a situation in Norway where an electric car suffered minor damage to its floor pan, after which it became clear that the repair was very complicated and could cost up to several thousand euros. So you will need to be geared up with new technologies, new skills and a whole new way of repairing cars. In my view, this will be a similar revolution to the production and sale of low-emission cars, albeit spread over a number of years.

So, with that in mind, training to prepare mechanics for all these automotive innovations will be key?

Of course. This will be fundamental, I believe, because mechanics or mechatronics engineers, who today have experience, if not in pure mechanics then in the interface between mechanics and electronics, will have to expand their knowledge significantly and

will have to start thinking about the vehicle in slightly different terms. It will be different because, of course, in the case of a battery vehicle or a hydrogen vehicle, it will have no pistons, no connecting rods, no crankshaft, no gearbox and so on. There will have to be a different approach to repair. It may turn out that this will involve the replacement of certain modules that prove to be unrepairable under workshop conditions - such as batteries.

We are therefore facing a revolution, which of course will not happen overnight, but gradually. There will be an increase in the number of garages required to service electric, hydrogen and other low-emission cars. It's fair to say that the era of the mechanic working with a hammer and spanner is long gone, and we are now entering an era where a mechanic - maybe even dressed in a white coat - will sit down at a laptop and fix a car with it, and this will require a very high level of skill.

So is learning to be a mechanic or car technician in this traditional model no longer viable - or is there still a use for it?

Of course it is. Let us remember that we are talking about 2030 as the cut-off year, which is the year when really a lot of electric and other low-emission cars will start to enter the market. For the next nine to ten years there will still be internal combustion vehicles on the market, although their numbers will of course gradually decrease, but they will not be driven out of the car fleet overnight. Therefore, the process will be such that part of the repairs will concern vehicles with a classic, older drive and there may be mechanics who, for some reason, do not want

Summary:

- For some, it will certainly mean disappearing from the market. It sounds brutal, but it is the truth. Let us take silencers as an example. They are essential in internal combustion vehicles, while electric vehicles do not need them at all...

to learn the new motorisation. Another part of the repair work will be on low-emission vehicles, and mechanics trained in this area will be needed. However, as the years go by, perhaps around 2040, the former will already constitute a clear minority in the labour market. It may be with them as it is with current vintage car repair specialists, where certain skills are disappearing. Today it is difficult to find mechanics able to reproduce the wooden skeleton of a 1920s passenger car.

Changes in the aftermarket will therefore also certainly be taking place in the spare parts market, where those needed for electric vehicles will increase over time. What does this mean for companies currently producing spare parts? Just a slightly higher cost of implementing new technologies, or likely to disappear from the market in the long term?

For some, it will certainly mean disappearing from the market. It sounds brutal, but it is the truth. Let us take silencers as an example. They are essential in internal combustion vehicles, while electric vehicles do not need them at all, so a company specialising only in them or similar components should start thinking about a change of profile today. Sometimes this will mean a complete retraining or entering completely new business areas - effectively closing one company, or perhaps more so a business, and opening a new one. There is, of course, time for this, but it must be borne in mind that such decisions cannot be dragged out indefinitely and operated on the principle of 'something will happen'. It will not and that is important to remember. ●



They will be stronger...

AGH & AI together



Autonet Group Holding joins forces with Augsburg International Autonet Group Holding (AGH), part of the Swiss Automotive Group (SAG), acquires a majority stake in Augsburg International (AI).

by Joanna Piszcz

Autonet Group Holding joins forces with Augsburg International Autonet Group Holding (AGH), part of the Swiss Automotive Group (SAG), acquires a majority stake in Augsburg International (AI).

Shareholders of Autonet Group Holding (AGH), an integral part of Swiss Automotive Group (SAG), ranked fifth in the European aftermarket, have reached an agreement with Augsburg International (AI), one of the most important independent distributors of automotive parts in Romania.

Under the agreement, AGH acquires a majority stake in AI. As a result AGH will hold 51 per cent of the shares and existing AI shareholders will retain 49 per cent. AGH and AI will maintain their separate brands, operating in parallel and continuing their activities. Both companies have been operating in the Romanian market for more than 25 years and share many common features: a similar business model, the same values and a similar organisational culture.

Summary:

- Together, under the umbrella of the Swiss SAG Group, AGH&AI will be one of the important competitors in the European market

Mihály Lieb

Founder and shareholder of AGH

We have taken an important step towards consolidating AGH with a new partnership of which we are very proud: we have joined forces with AI, the fourth largest player in the automotive parts market in Romania. As a result, AGH is already present in five countries with 14 companies.

Marius Constantinoiu

Founder and shareholder of AI

Finalisation of the transaction is subject to obtaining all necessary approvals from the regulatory authority. Together, under the umbrella of the Swiss SAG Group, we will be one of the important competitors in the European market. This position will bring increased value for both companies, our colleagues and our customers. I look forward to the opportunities that this new alliance will bring, continuing to operate as an independent company while still being part of the European family.

About AGH and AI:

- Autonet Group Holding (AGH) is one of the most important players in the automotive aftermarket sector in Central and Eastern Europe, with operations in five countries (Romania, Hungary, Slovenia, Slovakia and Serbia) and a total of 13 companies. The Group is the market leader in Romania, Hungary and Serbia. In Romania, AGH has two main brands: Autonet Importt and Lubexpert Romania. AGH is part of the Swiss Automotive Group (SAG), which, as a result of the new alliance, ranks fifth among the most important automotive aftermarket distributors in Europe, with total revenues of €1.3 billion in 13 countries where it operates through a network of 31 companies.
- Augsburg International (AI) ranks fourth in the Romanian aftermarket sector with annual revenues of €117 million (2020) and was founded 25 years ago by Marius Constantinoiu. AI is an official distributor and trusted partner of the most prestigious automotive parts manufacturers. More than 600 employees ensure the highest standards for well-organised business units such as import and wholesale distribution of spare parts, mechanics and bodywork, workshop equipment, fleet management services for both passenger cars and commercial vehicles. AI benefits from a modern storage and distribution infrastructure. In addition to a 20,000 square metre central warehouse, AI provides national coverage through 36 regional warehouses.

Inter Cars and Autonet want to acquire shares in Partslife

Polish giant's plans

Inter Cars and Autonet want to acquire shares in Partslife
Autonet and Inter Cars each want to acquire a 33% share in Partslife International Kft. - according to the concentration application filed in September 2021 with the OCCP.

by Joanna Piszcz

The application, which was received by the Office of Competition and Consumer Protection (OCCP) at the beginning of September 2021, concerns the establishment of a joint venture through the direct acquisition by Romania's Autonet and Inter Cars each of a 33% share in Partslife PARTSLIFE International Kft. based in Dunakeszi, Hungary.

The activities of the Joint Venture will consist in providing IAM companies with solutions for automotive parts and packaging disposal, recycling, as well as for complying with health and safety and energy efficiency regulations.

Partslife is part of the Grupy Partslife, which provides consultancy services to its shareholders, system partners and other companies operating in the IAM market in the areas of environmental protection, waste, packaging and energy management, as well as in the area of health and safety.

Autonet is part of Autonet Group Holding, which is a supplier in the car repair segment in Central and Eastern Europe with operations in Romania, Hungary, Slovakia and Slovenia. Autonet is controlled by Swiss Automotive Group AG, which is mainly active in the passenger car and commercial vehicle aftermarkets in Austria, Belgium, the Czech Republic, Spain, Portugal, Romania, Serbia, Slovakia, Slovenia, Switzerland, Hungary and Italy.

Summary:

- The activities of the Joint Venture will consist in providing IAM companies with solutions for automotive parts and packaging disposal, recycling



Downtime at car factories

How are parts manufacturers coping?

The Fiat factories in Poland have come to a standstill because of supply problems on the world markets. We look at how this situation is affecting spare parts manufacturers.

by Joanna Piszcz

A few days ago, the "Money.pl" portal reported that since 4 October, Fiat production plants in Poland have been producing only one morning shift. Some of the crew were sent to work in Slovakia and Italy. In the last 90 days, workers have worked only 37 days, have downtime and receive 82 per cent of their basic salary (18 per cent is a bonus). The crisis is caused by a disruption of the supply chain on global markets - mainly semiconductors and components, but Fiat's Polish sub-suppliers will suffer the most.

In an interview with "Money.pl" Grzegorz Pietrzykowski, chairman of the National Automotive Industry Section of the NSZZ "Solidarność" says that practically all auto-moto plants in the country have stopped. They have problems with the supply of parts.

Motofaktor.pl has checked what impact this situation is having on car parts manufacturers. We asked Polish Automotive Group (PGM) for a comment.

Bartosz Mielecki Managing Director PGM: *The biggest problem is for those who are suppliers for first assembly, for new vehicle production, and have no other customers. Virtually everyone experiences some kind of delay, of postponement.*

Information PGM shows that among vehicle manufacturers, manufacturers of popular, compact cars fare the worst. And the best - premium car manufacturers, which have the

least downtime (or do not record them at all - for example, Daimler and BMW did not have to stop production in 2021). They are in the best financial shape (Daimler, for example, could survive for up to 12 months without production), and as a result their suppliers are also in a fairly stable situation.

Bartosz Mielecki: *This is also due to the fact that such companies do not have as much price pressure on their suppliers as Skoda (which is forced to close its plants for 3 months) or Volkswagen, which is already talking about having to lay off up to 30,000 workers. As a result, there is less switching of suppliers in the premium vehicle component supply chain.*

According to PGM, the way to survive such crises is to diversify your business.

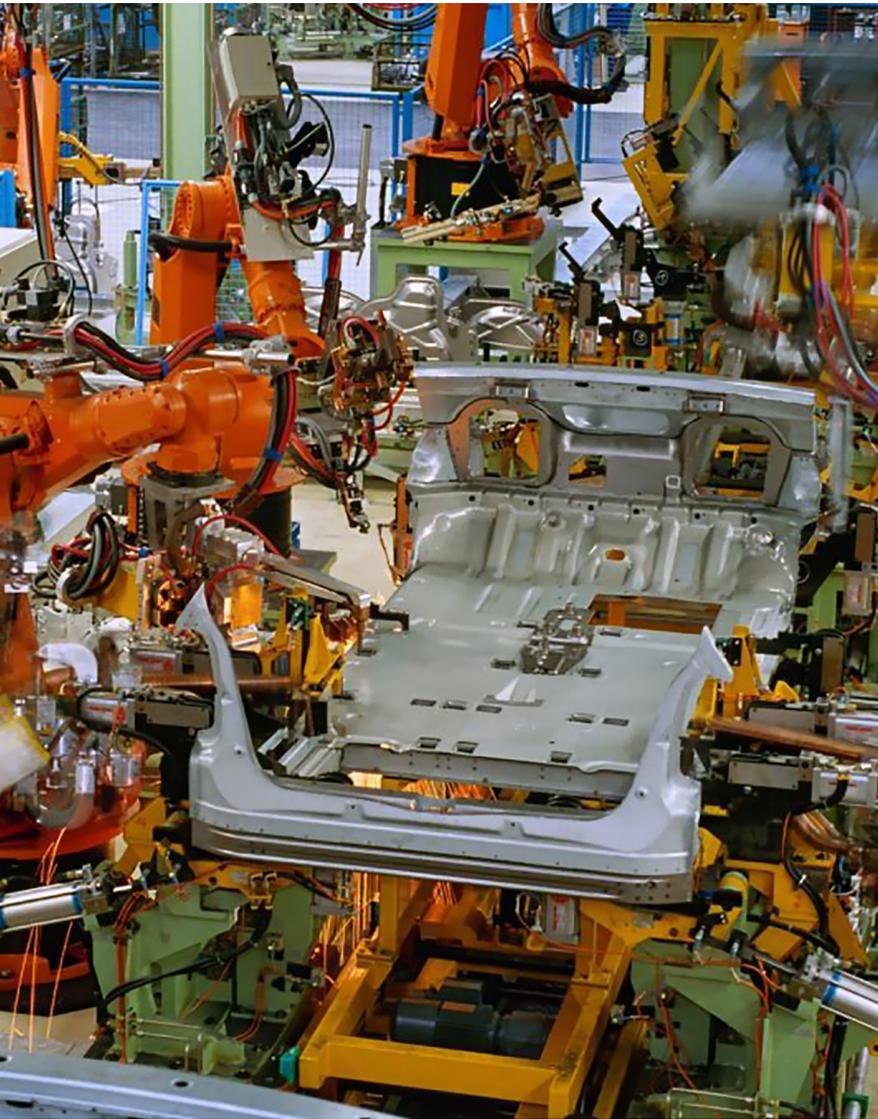
Bartosz Mielecki: *The best performers are those who have diversified production and deliver, for example, to various vehicle manufacturers (downtimes do not always coincide), to popular and premium vehicles, to cars and trucks, and preferably also to customers from other industries, such as agriculture, furniture, construction, household appliances or pharmaceuticals. Many companies already have more or less diversified production, but this is also the direction in which companies are consistently developing.*

He gives the example of the SPLAST company, which also produces technical details



Summary:

- Fiat production plants in Poland have been producing only one morning shift
- Practically all auto-moto plants in the country have stopped
- Information PGM shows that among vehicle manufacturers, manufacturers of popular, compact cars fare the worst. And the best - premium car manufacturers



made of engineering plastics for customers in the electronics and furniture industries, and has been developing its own line of professional cleaning equipment for several years. The automotive industry accounts for almost 60% of its production.

A similar share of the automotive industry is claimed by the Sanok Rubber Company, which is also a supplier to other industry segments, such as household appliances and pharmaceuticals, as well as to agriculture and the construction sector. In the automotive segment itself, the Sanok Rubber Company Group is also diversifying as much as possible.

For another of PGM's members, MAGNETIX LAMINATION, which provides flame and adhesive lamination services for fabrics, although automotive is the main market, its customers also include manufacturers in the clothing, footwear, lingerie, furniture and medical industries. The recent experience

is a confirmation and additional motivation for companies to consistently pursue diversification strategies - of products, customers, industries, markets, etc.

Examples of such diversification are also provided by multinational companies - these include the group Michelin, which announced in April this year that it intends to intensify its development in high-potential sectors: high-performance polymers, medical applications, bio-based and recycled materials and 3D metal printing.

In turn, the Oponeo.pl group decided to enter the new sector of tools and power tools, as well as the sale of bicycles and bicycle parts and metal products.

Problems for suppliers of parts for first assembly of cars, on the other hand, do not exist for suppliers of parts and components for the aftermarket.

***Bartosz Mielecki:** The current year has been very difficult for many companies, and although they will end with revenues at an acceptable level, their profitability this year will often be much lower than in previous years. At the moment there is a strong price battle between suppliers. On the other hand, new enquiries from markets where companies have not been present so far (e.g. Greece) are a source of hope. The most worrying is the future - entrepreneurs have a lot of question marks - how much longer will the problems with chips, raw materials, drivers and freight, employees last, and additionally there are questions and fears arising from the changes in law and taxes that the Polish Deal will bring. Entrepreneurs fear that the crisis will start to spill over into other industries that are currently allowing them to survive.*

Summary:

- The best performers are those who have diversified production and deliver
- The current year has been very difficult for many companies, and although they will end with revenues at an acceptable level, their profitability this year will often be much lower than in previous years.

At the moment, entrepreneurs are doing everything not to lay off employees, but if the crisis lasts longer, job cuts can be expected in some companies at the beginning of the year.

The experience of automotive suppliers in 2008 has clearly shown that it is not worth making workers redundant during the crisis. Companies that were then quick to cut back on employment were the worst to rebound, as they had to look for good employees again, train them. On the other hand, those companies that held off on redundancies when the market started to rebound quickly were able to take on and execute orders at lightning speed.

They starting in Dubrovnik

NEXUS returns to live meetings

After a long period of virtual events and meetings, NEXUS Automotive International has initiated a series of live meetings.

by *Adrian Januszkiewicz*

The first NEXUS live event took place in Dubrovnik, Croatia on 6-7 October, with the N! Members from the Nordic Baltic, Adriatic and Southern European regions and selected local N! suppliers.

The meeting was a unique opportunity for more than 50 participants between N! Members and N! Suppliers to receive insightful updates on developments in their regions.

A series of workshops on the core business of NEXUS was also led by Nicholas Russ, N! Group Procurement Director, Florian Precigout, N! Director of Service and Concepts and Janusz Zieliński, N! Director of Global Heavy Duty.

We have taken all necessary precautions to ensure the best healthy and safe environment for both our members and suppliers. We were excited to see our community 'live' and look forward to seeing our events calendar flourish with new dates and locations. Bas Donders Director of Brand and Communications NEXUS.

Other scheduled 'live' NEXUS events will take place in Italy, 14 and 15 October, Shanghai and Dubai, coinciding with Automechanika.

In addition to the regional 'live' events, a second global online meeting NEXUS Virtual Days is planned for 9 and 10 November.

Summary:

- The meeting was a unique opportunity for more than 50 participants between N! Members and N! Suppliers to receive insightful updates on developments in their regions

Gael Escribe

Director General of NEXUS Automotive International

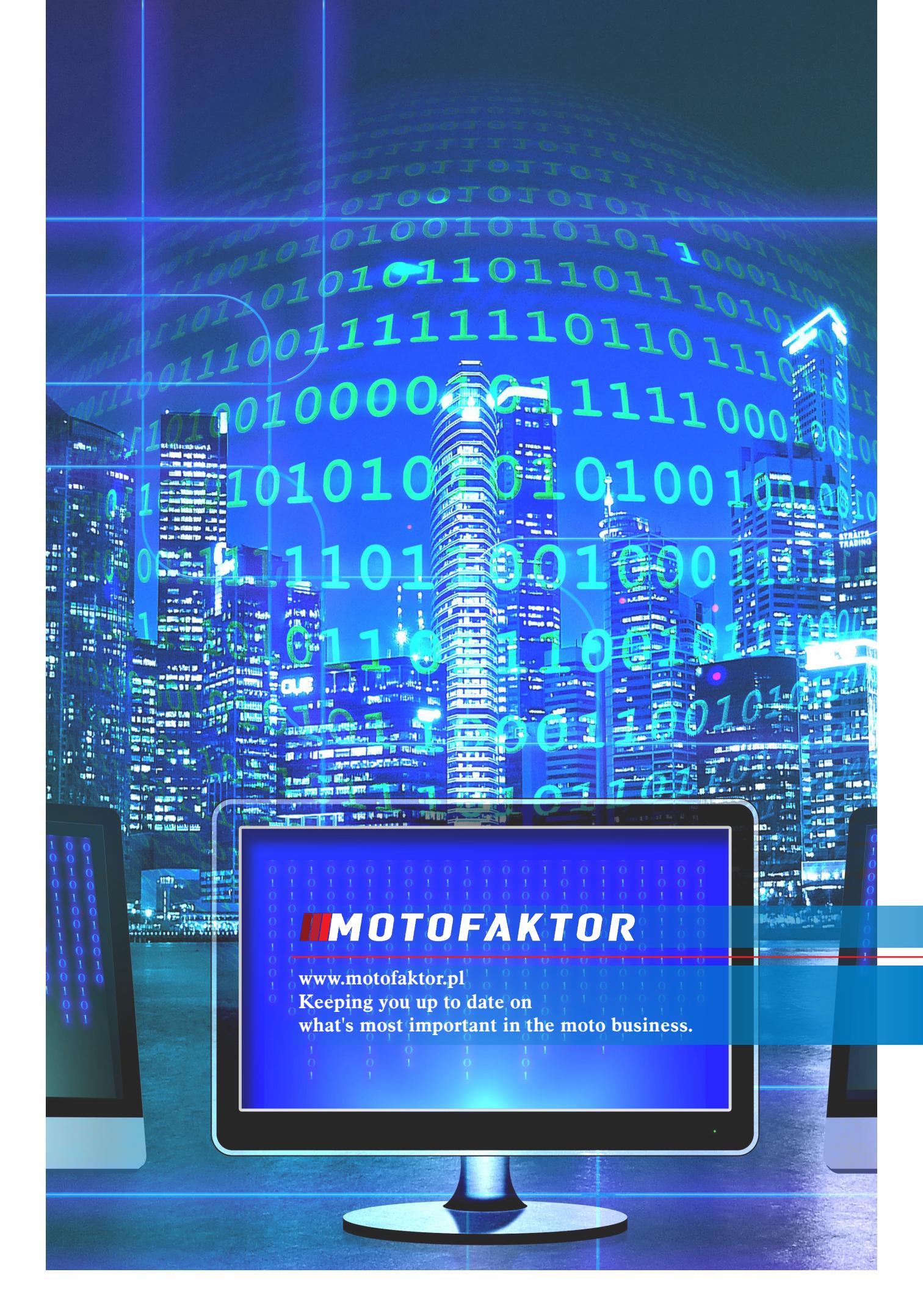
Our regional structures, Nordic Baltic and Adriatic, are in constant development, and NEXUS' presence in the area is increasingly significant with the development of key strategic projects, as well as through the presence of newly added members such as Castellana.co from Montenegro. All this made Dubrovnik the perfect place for us to return to live events.

Alla Muntian

NEXUS Southern Europe Business Developer

Among those present were NEXUS Automotive Nordic Baltic, Jakov Akmadzic, manager NEXUS Automotive Adriatic, Alla Muntian, NEXUS Southern Europe Business Developer.





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