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The Russo-Ukrainian war made it much more difficult for Polish companies to run their businesses there

Interview with Tomas Kastil, currently the founder and CEO of IAG – International Automotive Group

AS-PL España is the third foreign branch of AS-PL

Interview with Michał Tochowicz, CEO, Moto-Profil

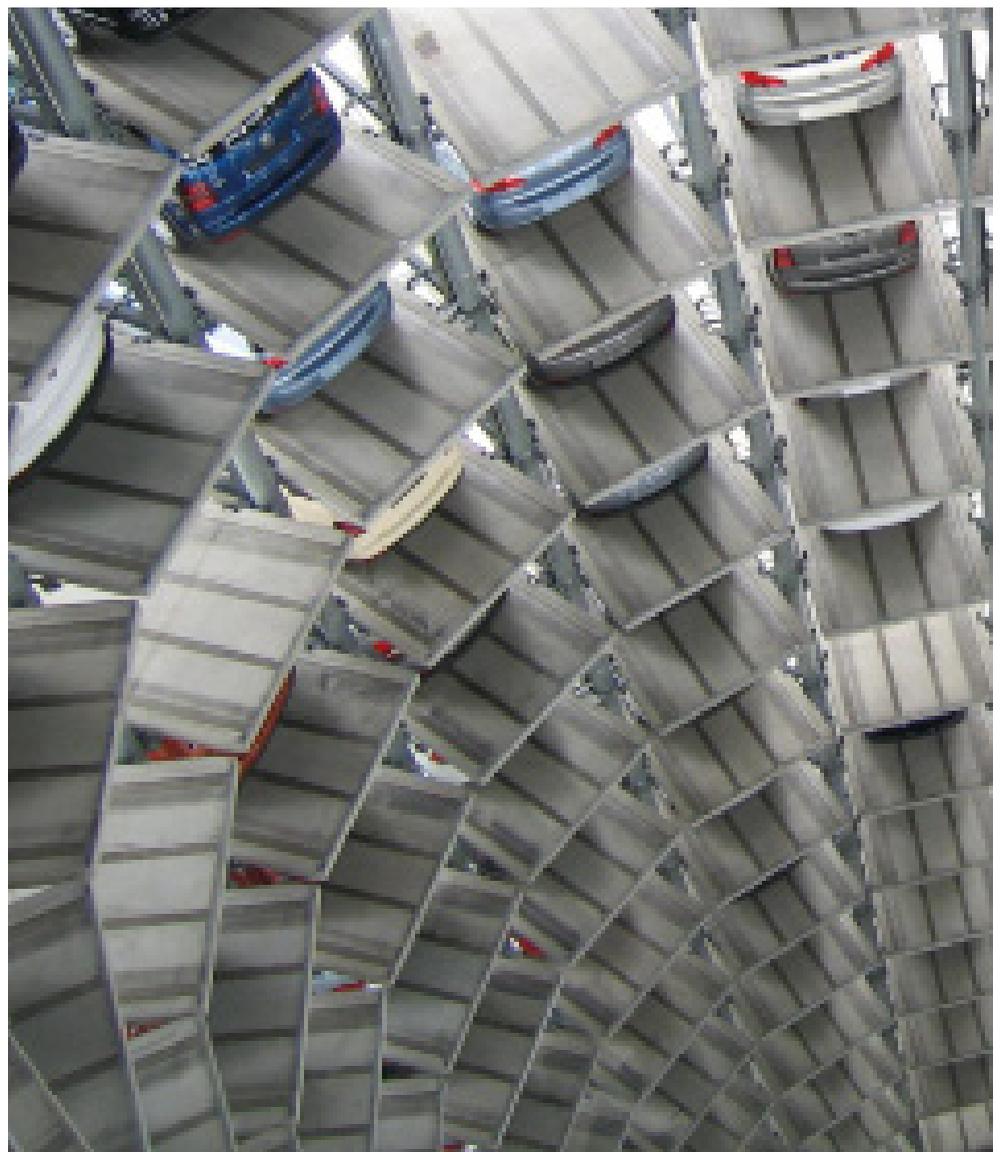
Budweg: from family business to international brand

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Specially for Motofaktor

Benoit Rivallant:

„We want to be a leader with the best value for money ratio”

*Interview with Benoit Rivallant,
CEO Apollo Tyres Europe.*

by Adrian Januszkiewicz



The last two years were a tough time for the car industry due to the pandemic. How did this affect the operations of Apollo Tyres in Europe?

There has been a mixture of both positive and negative effects. Thanks to the superiority of our products, the demand and growth remain very strong, especially for our all-season products. In general, we are doing well throughout Europe, especially in Poland, where we are gaining market share. As an efficient organisation, we were able to adapt to the pandemic and the developments. We also acknowledge that our customer service does not meet the very high standards we have set ourselves; we are focusing on improving this.

By promoting the Vredestein brand, you attach great importance to all-season tyres. Why?

The all-season segment is developing rapidly. For this reason, Vredestein is a leader in this segment and, over the years, we have been recognised as Manufacturer of the Year according to various tyre tests. We are proud to say that we introduced this technology in 1993. We are still introducing new products, such as Quatrac Pro for UHP and UUHP segments. We have one of the largest, if not the largest, assortment in this segment. But you are right – we are also active in the summer and winter segments, offering highly efficient products and a wide range of products.

What are the objectives of Apollo Tyres in Europe in the near future?

We are transforming our company using our strength to build a competitive future. We invest in our plants, research and development and increase our cooperation with car manufacturers by securing OE equipment arrangements. Our ambition is to be recognised as industry leader with the best price-quality ratio.

Currently, in Central and Eastern Europe, we have Apollo Tyres warehouse in Poland and a factory in Hungary. Can we expect any new facilities in the region in the near future, such as an R&D centre, another factory or something else?

We are indeed a fast-growing company. Poland is one of our main markets and our investment will support the efficiency of products and services. At this point, we cannot give further details on our future investment plans.

The Vredestein brand is one of the partners of the Mille Miglia legendary race. Are there any plans to engage in other events of this kind in Europe? Or we already at the stage of talks?

Mille Miglia is an excellent platform because it fits into the pillars of our brand, such as European heritage and Performance Edge. We are also investing in other sponsorship, such as Manchester United. We constantly develop our brand together with our business partners. ●

Summary:

● On 31 January this year, we visited the Apollo Tyres factory in Gyöngyöshalász, near Budapest, where we could observe the entire production process of Apollo Tyres and Vredestein brands. We took this opportunity to ask a couple of questions to Benoit Rivallant, the CEO Apollo Tyres in Europe.

Automotive market

What will happen in the near future?

At the beginning of the year, there was supposed to be a significant improvement in the situation, but Russia's attack on Ukraine revised these forecasts. 2022 will witness new problems and the automotive market will experience some changes.

by Joanna Piszcz

The recent years have not been kind for the automotive market. According to data from autobaza.pl, the number of offers of used cars in 2021 decreased by as much as 15% compared to 2019 (pre-pandemic). The crisis that started with the pandemic is still ongoing.

At the beginning of the current year, there was supposed to be a significant improvement in the situation, but Russia's attack on Ukraine drastically revised these forecasts. One thing is certain: 2022 will bring a number of new problems and the related changes in the automotive market.

Uncertain times

Since the Russian invasion of Ukraine, the prices of metals used in car manufacturing have increased significantly – from aluminium in the bodywork, palladium in catalysers, to nickel in

Summary:

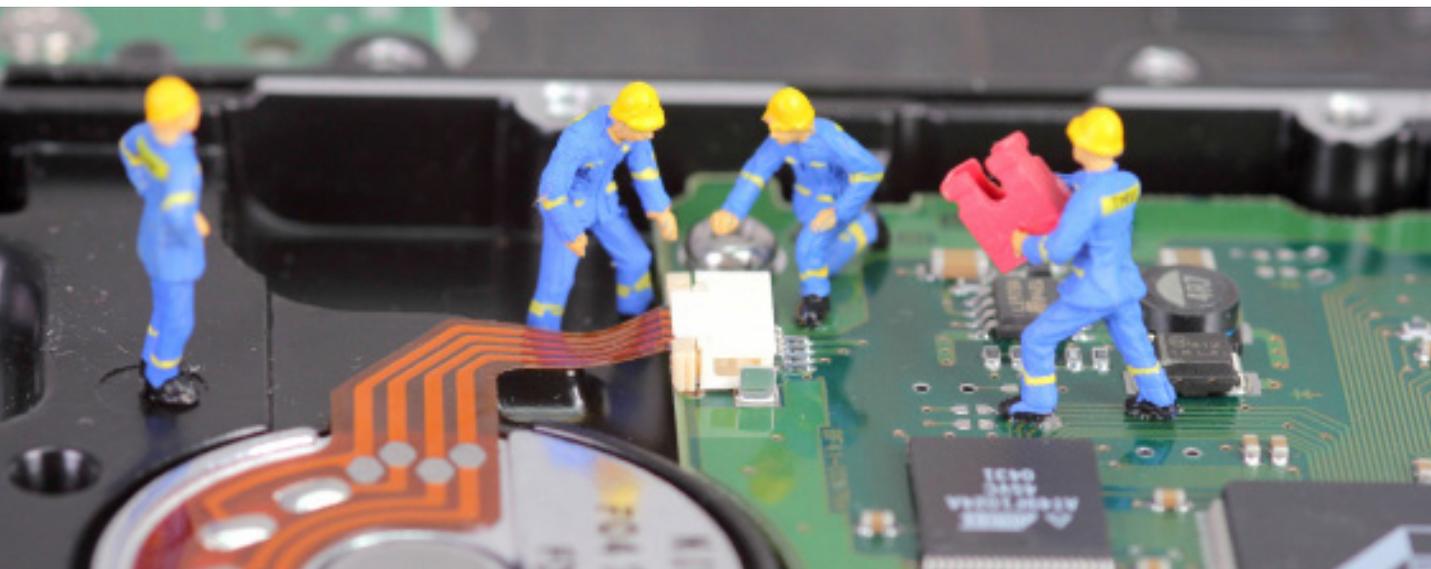
- Brands such as Volkswagen, ŠKODA, Porsche, Audi, BMW or Mini are struggling with the shortage of parts from Ukrainian manufacturers

- There are still problems with the supply of microprocessors, the availability of magnesium, and the disruption of supply chain

batteries. The war has also stopped the supply of extremely important cable harnesses, which are necessary for the construction of cars.

Ukraine is their main supplier, which has already led to the suspension of production in several European plants. According to AlixPartners and Comtrade, almost 7% of all cable harnesses imported into the European Union come from Ukraine.

Furthermore, Ukraine plays a key role in the production of gases necessary for the production of semiconductors, such as krypton, argon, xenon and, above all, neon, with as much as 70% of global neon production coming from Ukraine. It is worth adding that after the annexation of Crimea in 2014, neon prices went up as much as 7 times.



Marek Trofimiuk, autobaza.pl expert:

The effects of the Russian aggression are becoming more and more acute to drivers - fuel prices are soaring. Currently, at petrol stations, we see prices per litre reaching over PLN 7. Importantly enough, the situation is changing dynamically and is highly unpredictable. The war in Ukraine prolonged market uncertainty, which slowly regained stability after the pandemic disturbances. At this moment, nobody can predict how and when the situation will improve for longer.

The situation beyond the eastern border has a very rapid impact on the market. Brands such as Volkswagen, ŠKODA, Porsche, Audi, BMW or Mini are struggling with the shortage of parts from Ukrainian manufacturers and suspend or limit their work.

Well-known problems

Apart from the direct consequences of the war, in 2022 the automotive market in Poland may be influenced by many factors, including rising inflation, supply problems, and tax changes. In addition, the industries are expecting significant increases in car prices and stabilisation of sales, the emergence of new products on the automotive financing market, and a decrease in the share of conventional lease, together with an increase in the electric car market.

There are still problems with the supply of microprocessors, the availability of magnesium, and the disruption of supply chains which have caused impediments in the availability of cars in recent years.

The price increases are mainly due to restrictions on car manufacturing worldwide – the impact will be even greater after the closure of factories located in Russia. In Europe, an additional factor driving price increases is the stricter emission standards imposed by the EU, as well as the mandatory fitting of vehicles with automatic safety systems.

Marek Trofimiuk, autobaza.pl expert:

The situation on the used car market seems to be stable for now, but we will definitely see changes. Polish distributors who exported cars or parts to Ukraine lost a market which has been becoming more and more attractive. An interesting issue which we will observe in the near future will also be whether Poles will be interested in buying cars in the face of such a close conflict and potential economic problems.





Business in Ukraine in light of the conflict with Russia

The Russo-Ukrainian war made it much more difficult for Polish companies to run their businesses there. This problem also affected the automotive industry.

by Adrian Januszkiewicz

Wars always cause economic losses as well, which is particularly noticeable today in times of globalisation. Both Ukraine and Russia are markets for foreign companies, including those from Poland, which operate through their subsidiaries in these countries and are now in a difficult position due to the current situation. MB Pneumatyka is a good example of this.

The armed conflict between Russia and Ukraine is a real threat to the automotive industry, for which both markets represented a large and considerable potential. The supply chain is again at risk, and it did not recover completely after the 2020 collapse. That is why we are following developments very closely, and we are also analysing possible scenarios related to sanctions.

One of the plans of MB Pneumatyka was to increase its involvement in the Russian market in 2022. The conflict in Ukraine

called into question our further course of action. We are aware that many producers receive supplies such as wires or brass from Russia. At MB Pneumatyka, we use independent suppliers. However, I realise that the escalation of the conflict in Ukraine may have a negative impact on the global economy in the long run. In my view, the sanctions imposed on Russia, the disruption of the supply chain and the communication difficulties on the Ukrainian-Asian routes are only some of the problems that may affect producers.

At present, our highest attention is focused on helping our workers of Ukrainian origin and their loved ones, as well as on business partners operating in the conflict-affected area. We try to provide them with as much support as possible in these difficult times – said Małgorzata Bieniaszewska, founder of MB Pneumatyka. ●

Summary:

- The armed conflict between Russia and Ukraine is a real threat to the automotive industry, for which both markets represented a large and considerable potential.
- Running a business abroad has been significantly hindered. Lawyers explain the key issues.



In the opinion of lawyers

*Running a business abroad has been significantly hindered. Therefore, we have asked Axelo Ostrowski Domagalski i Wspólnicy sp. k. several legal questions which in our opinion are of greatest importance to Polish companies conducting business in Ukraine and/or Russia. The answers to these questions were provided by: **Katarzyna Matyja** – a lawyer from Axelo law firm; **Tomasz Bek** – legal counsel and partner at Axelo law firm.*

What should we have in mind when running a business in Ukraine?

The escalation and unpredictability of the conflict mean that economic relations with Ukrainian counterparties may take different forms, depending on further developments. According to current reports, most Ukrainian companies located in areas which are not directly affected by warfare continue their activities, even if to a limited extent, and some of them are willing to relocate to a more secure place. However, account should be taken, in particular, of the fact that martial law has been declared throughout the country and that the conscription of military reserve is ongoing. Although, in the light of current and dynamic developments, these issues are fading into the background, the applied solutions, from a legal point of view, also allow to impose certain restrictions on entrepreneurs, such as, among others:

- introduction of compulsory work for able-bodied persons who do not work in the field

of defence and the provision of means of living for the population and who are not reserved for enterprises (such persons will keep previous jobs (positions));

- use of labour resources of enterprises, institutions and organisations – all forms of ownership – for defence purposes, change in working model, other changes in production activities, and changes in working conditions in accordance with the provisions of labour law;
- forced seizure of private or municipal property, as well as property of state-owned enterprises, state-owned economic associations for the needs of the State. Forced seizure of property involves prior or post-factum full refund of its value;
- establishment of a special regime of entry and exit, restrictions on the freedom of movement and vehicle traffic.

We cannot ignore non-legislative implications, such as disruption

of supply chains, disturbance or suspension of operating activities, trade restrictions, etc.

What problems currently emerge in the performance of trade agreements?

The most obvious consequence is to analyse the current situation directly from the point of view of operating and commercial activities. Due to the disturbance or disruption of supplies, commercial activities may be limited. In the circumstances of an armed conflict, undertaking commercial activities – apart from retail trade of essentials (e.g. food, water) in areas covered by military activities – may turn out to be impossible. Apart from the activities directly affected by combat, there may be problems in logistics, financial settlement, import, removal of e.g. trade credits. At the same time, it should be borne in mind that from the point of view of legal consequences, the reasons behind counterparties' default on their economic obligations, if

they originate from an escalating conflict, may be treated as force majeure and, as a result, may relieve the defaulting party from liability.

Is it worth concluding new agreements?

It is difficult to answer this question unequivocally. It should be borne in mind that one of the most important elements to be considered when making the decision to conclude an agreement, i.e. the decision to take on a specific obligation (e.g. delivery of goods), is the assessment of risks associated with cooperation being established. As for the conflict between Ukraine and Russia, apart from the obvious risks associated with warfare, an additional risk to be considered is the instability of the legal environment. Furthermore, when making such decision, it should be noted that if the parties enter into an agreement during an ongoing armed conflict, it would be difficult for them to invoke force majeure as indication of non-performance of the agreement (unless, of course, this is further specified

by the parties). Moreover, when deciding to conclude an agreement, automotive companies should also pay particular attention to aspects related to possible disruption of supply chains and the availability of raw materials, including those from Russia. At the same time, if it is decided to conclude the agreement, it should be borne in mind that the liability relationship should be arranged in a highly prudent manner and to establish, together with the counterparty, the manner and possibilities of fulfilment of the obligations, including delivery or payment terms, which will enable each party to fulfil its obligations, despite difficulties.

Can there be problems with the supply of goods?

Naturally – supplies may be delayed or suspended. This effect may result in staff shortages caused by the conscription of military reserve or further restrictions imposed in connection with the declaration of martial law. Also, the situation at borders may cause delays. However, actual delivery possibilities will depend on the course of warfare and the territorial scope of the conflict.

Can there be problems in payments?

With regard to payments to and from Ukrainian counterparties, the National Bank has the right to decide, pursuant to the Resolution of the National Bank of Ukraine N° 577 of 23 December 2003 (as amended), to limit and/or suspend non-cash payments in banks which are registered (or have separate branches) in areas where the martial law has been declared (i.e. throughout Ukraine). The National Bank of Ukraine also has the right to impose restrictions on cash withdrawals from current and



deposit accounts by enterprises, organizations, natural persons – entrepreneurs and the population. It cannot be ruled out that, depending on future developments, restrictions will be applied and may affect the possibility of making payments in relation to Ukrainian counterparties. As regards payment transactions with Russian counterparties, the sanctions imposed on Russia in relation to the exclusion from the SWIFT banking system will have an impact in this respect – the financial transaction processing time is expected to be significantly extended.

What legal steps can be taken if a Ukrainian/Russian counterparty does not hold up their end of the agreement?

The first solution that comes to mind is to try to consider the new circumstances of this counterparty and find common ground. The range of action here depends on the parties' arrangements. For

example, the parties may agree to write off part of the amount due or deliver goods despite payment, as well as to reduce the price, extend the payment deadline, grant a trade credit. In the absence of an agreement, it is necessary to start with verification of the provisions of the agreement concluded with the counterparty to determine the solutions provided for in the agreement in the event of improper performance or non-performance of the agreement. These include, in particular, the consequences in the form of liquidated damages, termination of the agreement, substitute performance. If such penalties are provided for in the agreement, they may be imposed. To the remaining extent, possible legal steps to be taken should be determined on the basis of generally applicable provisions of law – depending on the legal regime applicable to the contractual relationship in question. At the same time, when fulfilling

obligations subject to the risk of default by either party, it is worth considering the potential risk of a dispute that may arise in the future, including a court dispute. In order to prepare for such a scenario, evidence should be collected to demonstrate to the court the reasons for potential breaches of the agreement by either party.

Therefore, as we can see, there are some solutions to this situation. On the other hand, anything is possible at a time of war, and perhaps it will soon be necessary to look for other ways to get out of all this with a defence hand. One can only hope that the situation will change quickly for the better.



The text was created thanks to cooperation with the Polish Automotive Group (PGM), which brings together Polish suppliers from the automotive industry, and the law firm Axelo Ostrowski Domagalski i Wspólnicy sp. k.

A new distributor of automotive spare parts enters the Polish market:

International Automotive Group (IAG)



Interview with Tomasz Kastil, former member of the Management Board of Inter Cars, and currently the founder and CEO of IAG – International Automotive Group.

by Joanna Piszcz

• A new distributor of automotive spare parts – International Automotive Group (IAG) – enters Poland and Eastern Europe. Tomasz Kastil is the founder and CEO of IAG. He is former member of the Management Board of Inter Cars (from 26 September 2016 to 1 September 2020).

The Director General of IAG Polska is Monika Małachowska – former segment manager at Inter Cars between 2007 and 2020. Branches in other countries are also made up of the former Inter Cars team.

We are talking with Tomasz Kastil about his new project and IAG's development plans.

In August 2020, you resigned from your role as member of the Management Board of Inter Cars. Now you are implementing your own new project. What is IAG?

Thanks to IAG, i.e. International Automotive Group, we are returning with my entire team to the aftermarket automotive market, where between 2004 and 2020 we developed a network of branches in 12 countries south of Poland for a company that currently generates a turnover of over 1 billion euro. We intend to repeat this process, but this time with the experience we have already gained in this regard. We believe that we can develop 2-3 times faster.

Thanks to the network of partners and suppliers, we managed to create one of the most competitive product portfolios for passenger cars, trucks, motorcycles, and workshop equipment segments. Thanks to the integrated logistics network, we have succeeded in creating a fairly flexible supply system and in providing customers with widespread availability of products.

Finally, based on our 16 years' experience in introducing a franchise system in 12 Eastern European countries, we managed to create a very efficient franchise system which requires minimum investment outlays by franchisees and offers extremely short time to generate satisfactory revenues.

In which countries does IAG function?

We are now operating in Poland, the Czech Republic, and Hungary. There is also a warehouse and an IAG branch in Prague. In Hungary, we have one branch in Győr, and in Poland we will start to operate in the coming week, but for the time being I don't want to disclose the exact location.

Who represents the company in these countries? From what I have seen, these are former employees of Inter Cars.

It is true that most of our team consists of people who have worked with me for the past 16 years and who have been laid off after I left. These people were not just my colleagues; I consider them to be part of my family. The way they were treated was a grave disappointment for me, and that is why I decided to gather the team again and begin working on building a company with a slightly different style – our company that appreciates our values. IAG is a company in which people of all nationalities are treated equally and have the same development opportunities, where talented employees are supported in their development, where honesty and justice are not just empty slogans. It is a company where people treat each other with respect and where team members support each other – for better or worse, in good and bad



moments, where there is no room for politics or intrigues.

In fact, our activities in each country are managed by local teams and we will move in this direction. The success we have achieved in the 12 markets shows that this is the right way forward.

Who is the IAG's offer addressed to?

IAG targets two customer groups.

Firstly – as we offer one of the largest range of spare parts with widespread availability – our offer is definitely aimed at workshops, shops, and drivers.

Secondly, our offer is addressed to all talented people with a passion for motorisation and who have experience, contacts with customers, but do not have sufficient resources to start their own business. We are introducing a very effective and attractive franchise concept that will enable everyone to start with minimum investment outlays compared to standard concepts and achieve profitability very quickly, as shown by Hungary and the Czech Republic.

Will IAG compete with distributors of car parts in Poland and other countries?

Looks like it.

What are IAG plans for the coming months?

My main objective is to create a company in which people love to

work, feel motivated and that they are part of one big family. In their hunt for ever greater profits, many forgotten about one fundamental principle – goodwill is created by people. Turnover, brand, all that goes away when you lose people you can count on and who will stay with you for better or worse.

These people are the backbone of the company which, at the same time, has a positive impact on customers and creates a very healthy ecosystem. It may sound strange, but the moments in which relentlessly we worked together in different countries to set up branches, feeling utterly exhausted, but also satisfied with what came from this building and creation – these moments were much more valuable for me than all the money in the world, and I believe that goes double for the whole team. When hard work meets satisfaction with well-done work and great fun, it is the most motivating environment that we are trying to build.

As for business plans – since they are very ambitious – we also lay great emphasis on modern technologies and systems that will allow us to develop much faster than our competitors. Being more efficient, flexible, and innovative is something that we consider to be a prerequisite for future development. However, apart from creating new ideas, it is equally important to be

Summary:

- There is still room for new distributors of automotive spare parts in Poland.

A new distributor of automotive spare parts - International Automotive Group (IAG) is the best proof of that. The key to success is to adapt to the market.

Summary:

- IAG now operating in Poland, the Czech Republic, and Hungary. There is also a warehouse and an IAG branch in Prague. In Hungary, we have one branch in Győr, and in Poland we will start to operate in the near future.

able to implement them on the market until they become obsolete. Using obsolete technologies and methods is contrary to this objective.

In the last three months, we have implemented an ERP system that is already integrated into the platforms of our suppliers and supply services. At the same time, we built an e-commerce platform. Our team has already gone through this process 12 times, but this time I believe that we broke the world record because three months for such implementation is really unprecedented. Not to mention that we have launched three countries in one go. This pace may seem too fast, even for agile and experienced guys, but we've made it. Now we would like to focus on creating a customer base on these markets and, step by step, develop a franchise network.

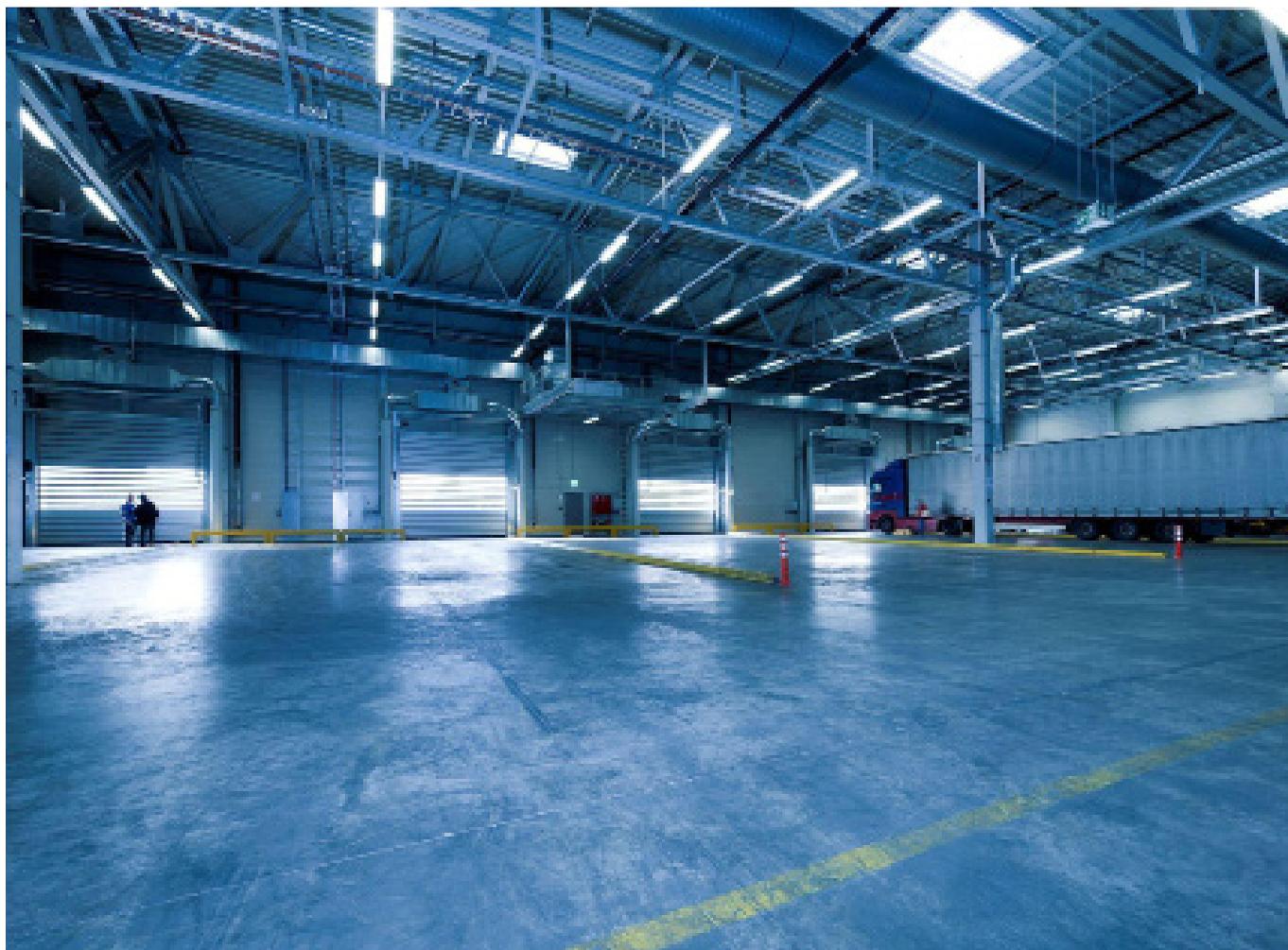
Do you think there is still room for new distributors of automotive spare parts in Poland?

Since 2004, we have heard this question over and over again on each and every market we were about to enter. Suppliers and local players were laughing at us,

saying that we were crazy, that the markets are saturated, there is too much distribution, saying that nobody is waiting for us, etc. We told all these naysayers and haters that it is only up to us how we will elbow through it and how much space we will carve for ourselves, and that only time will tell. Now this structure generates 1 billion euro in turnover.

Recently, the world has seen some great changes, opening up completely new opportunities even in markets that may look completely saturated. An example here is Allegro – a platform that was underestimated many years ago and is currently one of the largest sellers of car spare parts in Poland. Another example is the AutoDoc platform, which started as a small e-store a few years back and now has a turnover of over 1 billion euro, it also rented 33,000 m2 of storage space in the city of Szczecin and is still strongly supported by supplies of the biggest Polish players who are shooting themselves in the foot.

So my answer to this question: yes, definitely, and always it will be for anyone who can better adapt to changes than traditional players.



Another foreign branch of the company

AS-PL España

AS-PL España is the third foreign branch of AS-PL. The first one – AS-PL UK – was set up in 2017 in the United Kingdom. The next one – AS-PL Italia – was established two years later, in Italy.

by Joanna Piszcz



AS-PL España offers access to a full range of high-quality products and components for alternators and starters, and express delivery across all of Spain.

In 2019, we opened another branch – AS-PL Italia – in Italy. Now is the time to take another step, this time in Spain. There was a reason why we went for Spain – after detailed analyses which showed, among others, a considerable demand for our products in Spain, Portugal, Africa and South America, we concluded that we should move into this market to better respond to the needs of present and potential customers. Monika Gilis-Siek Regional Sales Director Western Europe and America at AS-PL Sp. z o.o.

The new warehouse and office with a total area of 1500 m² are located in the northern part of Valencia, on the eastern coast of Spain. In the middle, you will find a three-level

All those willing to learn more about the product offer of AS-PL España may contact the branch by phone or e-mail:

AS-PL ELECTRICOS ROTATIVOS S.L.
Carrer del Fuster 24, 46988, Paterna, Valencia, España
+48 576 588 877, espana@as-pl.com

AS-PL Sp. z o.o. is a European company thriving in the starter and alternator industry. The company was established in 1992 in Gdańsk under the name Auto-Starter. AS-PL works with distributors and wholesalers of spare parts from all over the world.

The company's product catalogue includes approximately 22,000 items, corresponding to nearly 550,000 reference numbers. The offer includes parts and components for passenger cars, trucks, agricultural machinery, marine vessels, and motorcycles. The assortment was divided into three product lines: Premium line, Standard line, Economy line.

All alternators and starters offered by the company are tested on specialised machines and the test results are attached to the products offered. All products can be found at: as-pl.com. The AS brand is available, among others, in the TecDoc and MAM Software Autocat v8 catalogue.

The dynamic development of the company contributed to the establishment in 2017 of a new company – AS-PL UK Ltd., which operates in the UK market. In October 2018, we opened a new main office of the Commercial Department at Panattoni Park Gdańsk. In November 2019, a new branch – AS-PL Italia – was opened in Moncalieri near Turin.

Specially for Motofaktor

Michał Tochowicz:

„We want Moto-Profil to grow stronger and our partners to grow with it”

Interview with Michał Tochowicz, CEO, Moto-Profil.

by Joanna Piszcz



How did your career path at Moto-Profil begin?

I have been working in the company since the beginning of my career path, and thanks to this I have been part of most of the changes that are important for Moto-Profil. I started at the warehouse. Then I organised company events. From the very beginning, I was also involved in, and later directly responsible for creating and strengthening ProfiAuto's market position.

The last two years as Vice President were strategic work. I mainly dealt with legal and HR issues, I also worked with Leszek Żurek and our management team on plans for the future. In 2020, I joined the supervisory board of TEMOT International – one of the largest associations of spare parts distributors

- Michał Tochowicz became the CEO of Moto-Profil at the end of November 2021. He replaced Leszek Żurek, one of the co-founders and a long-standing member of the Management Board.

in the world. As part of TEMOT International, I actively support the development of industry standards.

What was Moto-Profil's market position back then and what has changed since then?

Moto-Profil was already a strong organisation at that time. One of the main projects we were working on was ProfiAuto brand, and we can now say with pride that we are the architects of the largest network of car workshops, stores, and wholesalers in Poland and Europe. Shortly after I joined the company, we started to heavily focus on digitisation, introducing, among others, a professional online catalogue. In subsequent years, we developed an IT department based on solutions such as the ProfiBiznes software. So you could say that we have started to operate according to the standards of the 21st century. Then we moved to a new, large main office in Chorzów, and after that we set up other logistics centres in Poland.

As CEO, do you intend to proceed with the actions of your predecessors or do you have your own vision of the company's development?

I certainly don't intend to make any sudden changes. This will be an evolution, not a revolution, based on partnership and loyalty to customers. We've built a really well-functioning business together, and these relations are at its core. We want Moto-Profil to grow stronger and our partners to grow with it.

The automotive industry is changing rapidly, both in legislative and market terms, including end customers. This



was one of the reasons why introduced ProfiAuto – the first application in Poland through which drivers can easily and quickly arrange a visit with service, check their repair history on the phone, etc. This is an example of a tool of the future created for modern customer. We are aware that this kind of customer, especially in large cities, will evolve and therefore will require a new digital approach from mechanics or car shops as well.

In recent years, we also created ProfiAuto Virtual Website, through which we will revolutionise the way we educate future generations of mechanics. This tool will not replace regular professionals, but in situations such as a pandemic, it will be irreplaceable.

Therefore, we want to prepare our partners for growing digitisation and offer tools that will help their companies operate and thus increase profits. We think strategically, keeping at the same time a very strong position we have today. Vehicle electrification is a subject we can't escape from and we're already preparing for it. However, there is still a long way to go before streets are filled with electric cars, so we also need to focus on what's happening today – "classic" service, shops, and wholesalers. We will continue to develop a training system – for mechanics, managers, and traders. To sum up, we'll face a conscious evolution, not a revolution.

Are there any areas that the company would like to strengthen, or perhaps there are new solutions that it intends to introduce?

As I said earlier, we are constantly working

on IT solutions that will help our partners not only increase profits, but also grow in the future. We want to give them effective tools to improve day-to-day work. An example here is ProfiBiznes – a very mature software that makes it possible to streamline sale, warehouse operation or logistics, or even to run a company from a phone.

We will also work on standardising the ProfiAuto network – its members are conscious and modern companies offering drivers top quality products and services, and we, as network organiser, must ensure its continued development. We also have plans to continue investing in another brand of ours – ProfiPower, which strengthens its position in the eyes of customers. In addition, we are strongly active on foreign markets, where we have seen great potential for development for years.

Have Moto-Profil and the ProfiAuto network been affected by the pandemic?

I think every single company in the automotive industry has been affected. Whether companies were able to quickly address sudden changes is another issue. I can say with pride that we have succeeded in this. On the one hand, it is due to fantastic workers and, on the other, to the fact that we are a mature organisation. We have put in place processes to quickly adapt to difficult conditions, because we have been working on them for many years.

A great contribution also came from our partners who worked with us shoulder to shoulder to ensure business continuity. On the other hand, the aftermarket industry is in a convenient situation in the sense

Summary:

- This will be an evolution, not a revolution, based on partnership and loyalty to customers. We've built a really well-functioning business together, and these relations are at its core.

that many consumers decided to hold off the purchase of new cars by choosing used cars. We were able to take advantage of this trend, which is why, together with our partners, we increased profits in this year and in the previous year. After the downtime related to the lockdowns, which was experienced by everyone, we started in full swing and this allowed us to get through this time steadily.

Summary:

- The distributor industry in our country will continue to grow. The average age of a car in Poland, which is currently about 13 years old, will not change overnight, and Poles will not suddenly switch to electric cars, because they are and will be too expensive and the infrastructure will not be sufficient for years to come.

What is the impact of the global crisis related to semiconductor shortage, disruption of supply chains of components and delays in the production of new cars have on a company's operations?

The business model, storage, and logistics are important. The just-in-time (JIT) method applied by car manufacturers or first assembly manufacturers and the globalisation of supply chains poses a serious problem in such situations. In our case, we have many local suppliers and, thanks to the network of warehouses in Chorzów, Świebodzin, and Warsaw, we are also able to provide many stocks that eliminate the total shortage of parts on shelves, thus stopping the operation of the company and its customers.

Naturally, we feel the effects of the pandemic, but less than OEM producers. The support of our suppliers and the relations that have been developed over the years are also invaluable. These are values you can't measure in Excel.

How do Moto-Profil and the ProfiAuto workshop network prepare for the spread of electromobility?

We keep our hand on the pulse all the time. We are aware that in a several or a dozen years a mechanic, in addition to being the specialist we know today, will also be an IT expert. We are already carrying out many training in the repair of hybrids, electric cars or vehicles with

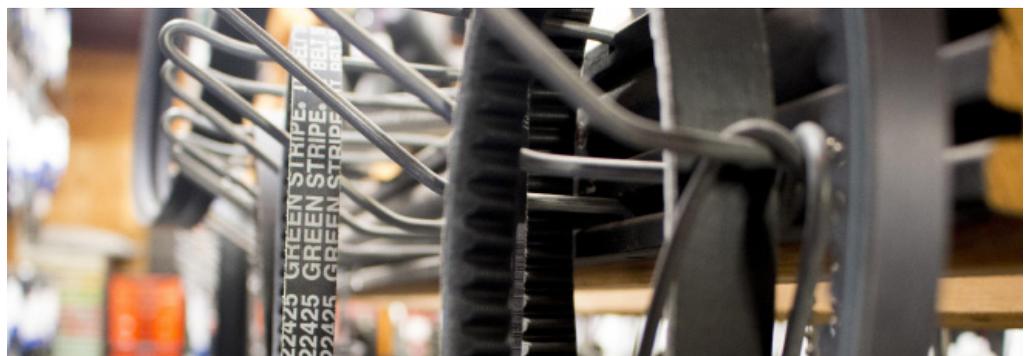
advanced driver assistance functions (ADAS). And we will continue to invest in this area. We are closely monitoring the electric car market and the related regulations.

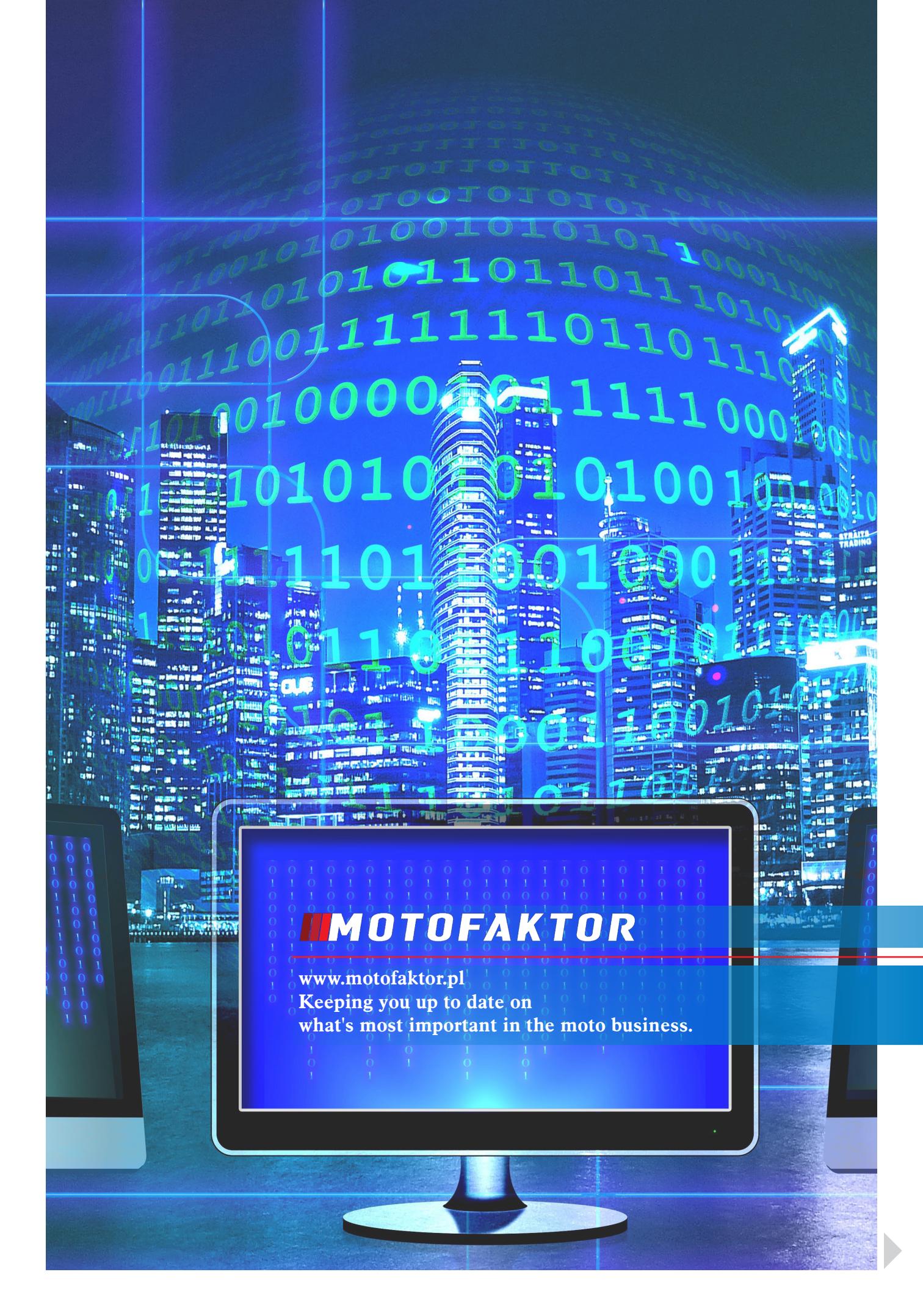
In this context, my work on the supervisory board of TEMOT International is important so that we have full knowledge of the regulations and plans of the institutions deciding on the future of motorisation in Europe and around the world. As I said, we take care of our business and our partners today, but we keep our hand on the pulse when it comes to "tomorrow".

How do you see the current state of the aftermarket industry and its future in Poland?

I think that the distributor industry in our country will continue to grow. The average age of a car in Poland, which is currently about 13 years old, will not change overnight, and Poles will not suddenly switch to electric cars, because they are and will be too expensive and the infrastructure will not be sufficient for years to come. This is a pretty convenient situation for the industry (for now). So if the legal regulations and the lobby of certain organisations promoting new cars do not introduce monopolistic practices – and action to counteract it is taken, among others, by TEMOT International – there is still a bright future ahead.

When running a company such as Moto-Profil, we need to be forward-looking. Hence the large investments in IT tools, the development of the ProfiAuto network, training, and new technologies. We must act today while looking to the future. That is how I'm planning to work on my new position. As you know, standing still is like taking two steps back. This is not how you run dynamic companies aware of their position. ●





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From family business to international brand

Budweg

Budweg, initially a small family business, is currently a well-known brand in the automotive market with a growing offer, as we have seen first-hand.

by Adrian Januszkiewicz



Last week, Budweg, a Danish company specialising in renovating brake calipers, provided an opportunity to learn in detail about its history, offer, and objectives for the coming years, as well as to see the entire plant located in Odense. Our office took advantage of this opportunity.

Budweg – main facts

Budweg's history began in 1978. The company was set up by Henning Larsen who managed it for the next 21 years and then handed it over to his sons. Over the course of nearly 44 years of its operation, Budweg has expanded significantly. At the moment, its Odense plant, together with its office area, occupies 16,600 m² of space, can process surfaces/galvanise parts obtained for renovation independently, has a semi-automatic assembly line, automatic packaging lines, and its own product testing equipment. The plant employs around 150 people and generates an annual financial turnover of EUR 32 million.

Budweg has 4200 brake calipers and 2400 spare parts in its product portfolio. The annual caliper production of the Odense plant includes 800 thousand units per year. The warehouse can accommodate hundreds of thousands of used brake caliper cores and the calipers themselves. The complaint rate is below 0.3%.

Apart from brake caliper renovation, Budweg also offers spare parts for them, electric parking brake (EPB) calipers, and corrective sets for braking systems.

So much for general information. When we were in Odense, we received more details from Bertel Ravn, CTO at Budweg.

Summary:

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Storage

Brake calipers received from customers are initially stored in the warehouse, followed by segregation. Ultimately, not all of them will undergo renovation because certain damage to calipers may disqualify them from this process.

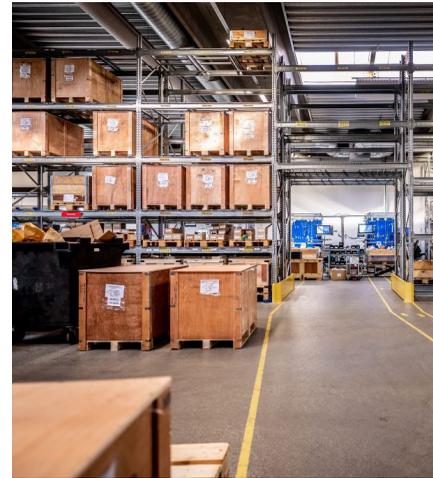
For Budweg, an important issue is environmental protection. That is why boxes with calipers sent for renovation are recycled and the customer receives a renovated product in a new factory packaging.

Renovation

Once the calipers eligible for renovation have been selected, they are disassembled and cleaned. The next step involves zinc galvanisation and covering the outer layer of the caliper core with trivalent chromium (Cr 3+) to ensure high durability and anti-corrosion properties.

Some of them are then tested in a brine chamber to check the effectiveness of anti-corrosion protection. The test consists of holding calipers in the chamber for 24 or 72 hours at a temperature of 34.8-35.2°C and a pressure of 1 bar, with salt concentration in water at 5%.

In this process, Budweg also highlights its focus on environmental issues because the water used for washing before reuse is treated in microseparators. Recirculation significantly reduces the amount of water needed in the renovation process, which brings environmental and economic benefits, as the costs of the entire process are also reduced.



Next, the caliper cores are moved to a workshop where they undergo manual processing during which threads are re-cut for new screws, brass sleeves are replaced, worn sleeves are machine-processed, and teflon sleeves are added, and in the case of aluminium caliper cores – piston holes and arm are sanded.

Then, on the semi-automatic line, laser engraving is performed for identification purposes, and then they are subject to quality control, as part of which they are compared with drawings and critical dimensions. If there are no reservations, the calipers together with all components are put together. In order to further protect the caliper and its movable components against corrosion, Budweg uses silicone lubricant which is distributed, among others, on the surface of brake pistons. This is followed by end-of-line test to check the tightness of the caliper at 24 bars, piston reversal function, mechanical manual brake function, and visual check to verify the correct casting number on the casing.

The final stage is packaging. Once renovated and assembled, the calipers are placed in appropriate boxes, after which they are picked, sealed, and distributed on automatic packaging line among appropriate storage points, where they are packed in larger cartons and sent to customers.

Budweg's offer includes calipers for passenger cars (98% of market coverage), electric vehicles (80% of market coverage), commercial cars (92% of market coverage), and certain performance class cars. The company also deals with renovation of calipers for old- and youngtimers. As Bertel Ravn himself stated:

Summary:

- Budweg's offer includes calipers for passenger cars (98% of market coverage), electric vehicles (80% of market coverage), commercial cars (92% of market coverage), and certain performance class cars. The company also deals with renovation of calipers for old- and youngtimers.

As long as there is a hydraulic brake caliper, we have the necessary technology to renovate it.

EPB calipers

Apart from the renovation of standard brake calipers, Budweg also deals with production and improvement of electric parking brake (EPB) calipers. Original EPB calipers are disassembled and analysed for potential improvements. If possible, Budweg introduces them.

Before implementation, they undergo a number of quality tests so that there is no distortion of communication between the vehicle's braking system and the electrical system. These include, but are not limited to, fatigue testing carried out at a special station where EPB calipers carry out a total of 100,000 clenching and unclenching cycles at a maximum amperage of 16 A, with a 0.7 second stabilisation and a 1.2 release. Both these and other tests aim to confirm the OE quality of Budweg's products and allow the brand to stand out from the competition.

Further development of the offer for LCV and EV vehicle segments, as well as further improvements in EPB calipers will be crucial for the company in the near future. The brand itself has been operating in Poland for some time now, and its products have been recently included, among others, in the offer of Inter Cars. It may be the case that in the near future successive distributors of spare parts will extend their offer with Budweg's products. Looking at the Odense plant from the inside, we must say that the Danish company is a worthy competitor for other brands with a similar offer, which are more renowned and have been operating on the market for more time.

Interview with Maciej Oleksowicz, President of the Management Board of Inter Cars

by Joanna Piszcz

"We're focusing on markets where Inter Cars is already present"



How would you sum up the last year at the Inter Cars Capital Group?

This was a year of constant uncertainty, which required us to take a flexible approach to changing conditions. I am happy that the entire Inter Cars team passed this test and, in times of changing demand and accessibility issues, we have managed to provide our customers – workshops – with a sufficiently high service.

What were the Company's revenues compared to 2019?

We observed double-digit growth in sales both in 2019 and 2020. At the same time, the investments we've made in previous years enabled us to achieve the expected profitability, despite substantial price increases on the market.

What innovations were introduced this year in the Inter Cars distribution network?

A pandemic is not the best time to introduce significant innovations. We focused on improving areas which we have been good at so far. We have streamlined many processes,

Summary:

- A pandemic is not the best time to introduce significant innovations. We focused on improving areas which we have been good at so far.

extended the offer. In Poland, with workshops in mind, we're introducing Inter Cars e-Catalog – a new system for ordering parts which is already used on foreign markets. Looking for products and placing orders on any device, including mobiles, will be even simpler. We are also making significant improvements in customer telephone service and creating additional contact channels – chat, voice bot, and video.

Has your order performance process changed due to the pandemic, or did it affect the operation of the European Logistics and Development Centre with respect to transparency and operation of the subsidiary?

No, the pandemic didn't have a considerable impact on customer service. Of course, we have made many changes to increase the safety of our employees and customers, but in general the process itself didn't change.

Has Inter Cars felt the impact of the disruption of global supply chains and the semiconductor shortage? How was it

in Polish and foreign subsidiaries of Inter Cars?

Yes, it is one of the greatest challenges during the pandemic. The situation is very complex and often varies depending on the product group. For example, in the case of brake discs, of which more than 90% are produced in Asia, we don't have good solutions, but with many other products we've found new sources of supply and we are able to provide the parts necessary for repair. Our strategy has always been to have many alternative products available from different suppliers. Thanks to this, I'm sure today that we guarantee the best possible availability on the market.

What is the Inter Cars' strategy for the coming years – do you focus on domestic development or perhaps expansion beyond Poland?

Geographical expansion is not our priority. We're focusing on markets we've already entered. We want to strengthen our position there in all segments we offer. We will continue to expand our offer both for workshops dealing with repair of passenger cars and those dealing with commercial vehicles, agricultural and construction machines, motorcycles, and boats.

Will you go back to organising fairs?

We are still analysing this idea, considering various scenarios. However, we see that the pandemic is not over, so we postpone this decision. The safety of our employees and customers is our top priority.

Electromobility, digitisation, automation, ecology – there have been lots of talks about it recently in the context of the development of motorisation. What actions does Inter Cars implement in the context of these market trends?

Above all, we are expanding our offer all

Summary:

- Aftermarket workshops provide services at a very high level. Thanks to cooperation between the distributors and manufacturers of premium parts, we provide them with the necessary knowledge and tools for repairing practically any vehicle.

the time to have the necessary products, knowledge, and tools for repairing all kinds of vehicles, also in the future. There are many scenarios and we want to be ready for each of them. We are also carrying out analyses within the group to determine which processes have a considerable impact on the environment and we plan to optimise them. We already use reusable packaging to a large extent and optimise our logistics. We have carried out tests on small electric commercial vehicles. Following the entry into force of the new legislation allowing for a larger mass of these vehicles and, consequently, achieving the appropriate range, we will put them into service. We will also ensure that the current necessary for charging these vehicles comes from zero-emission sources.

How do you see the current state of the aftermarket industry and its future in Poland?

Aftermarket workshops provide services at a very high level. Thanks to cooperation between the distributors and manufacturers of premium parts, we provide them with the necessary knowledge and tools for repairing practically any vehicle. For our customers, we are conducting an image campaign under the slogan: Together we create, support, deliver, which shows customers the actual benefits from cooperation with the company. At every stage of their activity, we can offer them support and services at the highest level. A distinctive feature of authorised services is that they charge you much higher prices, not offering anything in return. My view is that if they don't change their approach to customers, their market share will shrink not only with respect to the services of older vehicles, but also new ones. I don't see any reason why people shouldn't have their first MOT test or repair at an appropriate and independent workshop.

