

# Polish workshop Report

POLISH NEWSLETTER  
OF AUTOMOTIVE INDUSTRY

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## The leasing industry has announced good results

On the 22th of January leasing companies of the Polish Leasing Association (ZPL) presented the results generated in 2013. Announced, 13 percent growth is financing the industry's movable assets and real estate worth more than 35.3 billion polish zloty. EFL - the largest leasing company - has increased during this period its turnover by almost 19 percent.

As the ZPL data shows, the value of all financed lease assets and loan in 2013 amounted to 35.3 billion PLN, which means a 13 percent increase compared to 2012 (31.2 billion polish zloty in 2012). EFL which is the pioneer of the Polish lease ended last year

with almost 19 percent increase in sales, which exceeded to 3.1 billion PLN.

In the past 12 months, in the segment movables, industry financed assets for the amount of 33.6 billion polish zloty - 13.1 percent more than in 2012., while in the real estate market - for the amount of the 1.6 billion polish zloty - 11.1 percent growth.

In 2013, the most dynamically developed – automotive segment, ending the year with a score of 22.9 per cent better, compare to the previous year and the financing of 20.7 billion polish zloty. Businessmen loved to use the funding - mainly lease - cars, vans up to 3.5 tonnes and trucks or tractors.

In the structure of the financed movables, vehicles accounted for 61.5 percent of the market.

The second most important in terms of value was the machine (more than one third of the transactions). Financing machines in the past year has brought 11.5 billion polish zloty and 3.4 percent increase in year-to-year. A slight increase in demand for leasing services reported also in the IT industry, while in financing segment reported 38 percent decline in leasing business; ships, aircraft and rolling stock.

## „Golden Steering Wheel“ for the president of the company Robert Bosch

Jury of the 5th edition of the „Golden Steering Wheel“ awarded a special prize for Krystyna Boczkowska, president of Robert Bosch company, as a person deserved for the automotive industry in Poland.

- We reward mainly for the dynamic development of a professional network service for cars of different brands and ages - says Stanislaw Sewastianowicz, editor of the magazine „Auto Świat“, which give the award to Krystyna Boczkowska. - The stations with logo Bosch Service and AutoCrew can easily make the repair and maintenance of cars during the manufacturer's warranty, which is important for many drivers and car owners. Clearly, the company, which is led by Mrs. Boczkowska relies on modern technology, professionalism, high standard of service and concern for the satisfaction drivers. Diesel drivers willing to use the services of Bosch Diesel Centrum and Bosh Diesel Service specialist.

- From 127 years Bosch is making history in the industry - said Krystyna Boczkowska receiving the award. - Pioneering achievements of Bosch in that field are already legendary: from electromagnetic ignition to injection systems for cars with petrol engines and diesel engines, ABS, ESP, stop-start system or a system that improves visibility at night - Night Vision. We are currently working on the concept unattended car. Bosch company has strong position in the automotive industry thanks to its concern products for the customer benefit who use the services of our workshops servicing.

Krystyna Boczkowska started cooperation with Bosch in January 1992 as the office manager. After six years, took a board member position and CFO of the company. In 2005 she spent six months at the headquarters of Robert Bosch GmbH in Stuttgart, participating in international projects. In March 2006 she became the President of



the Board of Management of Robert Bosch GmbH. Sp. z o.o. and represents the Bosch Group in Poland.

# The best dealer - service facilities in Poland



During the Motor Insurance Discussion Forum (December 5th, 2013, Warsaw) were announced the winners of the Car Dealer and Auto Service 2012. This year the plebiscite was co-organized by the editors of „Nowoczesny Warsztat” and portal Warsztat.pl.

In addition to the representatives of the „Nowoczesny Warsztat” in the jury were: architect Katarzyna Pilarek architect and Magdalena Patajewicz – the representatives of the Polish Chamber of Automotive Industry.

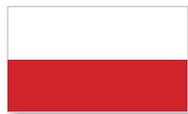
In the contest take part 10 automotive facilities, including three independent automotive services. Among the reported objects se-

lected final five, which the jury visited in person:

- 1 Add Motor Sp. Z o.o. (Renault, Dacia), Wrocław.
- 2 Car-Master Sp. Z o.o. (Jaguar, Land Rover), Kraków.
- 3 Wrocław Centre (Volkswagen, Audi), Wrocław.
- 4 Euroservice (Volvo), Warsaw.
- 5 Service Body Repair-Paint Skoda Korczyk, Bielsko-Biala.

The title of „Car Dealer and Auto Service 2012” went finally to two objects: Service Body Repair-Paint Skoda Korczyk (Bielsko-Biala) and Euroservice Volvo (Warsaw).

## Condition of the Polish automotive industry



At the end of last year, Department of Economy, with the active participation of the Minister of Economy and Deputy Prime Minister - Janusz Piechociński, presented first report on such a scale which focuses on the condition of the automotive industry in Poland.

The document was commissioned by the initiative of Polish Automotive Industry Association, and made by consulting company - KPMG. In accordance with the contents of the report, the sale of new vehicles is more than two times smaller than the import of used vehicles. This proportion is even more worrying that more and more imported used cars are older than ten years...

Forecasts for 2013 and following years show a projected increase in the registration of new vehicles, and an important part of this positive trend is the result of growing exports abroad. In 2012 in Poland were registered close to 273 thousand new passenger cars.

- In 2013, registrations will probably exceed to 280 thousand units, however, this increase may correspond to the phenomenon of re-exports. It should clearly say that the level of sales of passenger car in our country is very low – says Marek Gajdziński, a partner at KPMG in Poland and the head of the industry specialization program.

## Polish roads

The main branch of transport in Poland is road transport. According to the latest CSO data published in late 2013 trucks in 2011, made nearly 70 percent transport work (almost 219 billion tkm) and transported more than 83 percent of goods, which give less than 1.6 billion tons.

The rapid development of road transport on national roads is also visible in the increased twice (to 14.8 percent) the number of trucks with trailers.

The passenger car is the main source of communication; the second place is a bus. According to Eurostat, in 2010 passenger cars in Poland transport up to 298 billion passengers (about 4.6 per cent more than in 2009), which means that 88.4 percent participate in the passenger transport. 6.4 percent accounted on the buses and 5.2 percent for railways. According to GUS data buses, counting the transport of passengers (and not transport work), transported in 2011, more than half a billion people, which means twice more than rail.

Revenue freight car companies in 2011 exceeded to 63.5 billion Polish zloty and were close to 6.2 percent higher than those achieved in 2010. According to GUS bus market is worth about 5 billion Polish zloty and motor transport industry generates approximately 10 percent of GDP.

Source: report „Transport under the magnifying glass”, 2013

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INDEPENDENT WORKSHOP

„Nowoczesny Warsztat” is the most read and most popular title in Polish independent workshops. According to the research prepared by the GIPA – MotoData lab, conducted in the mid 2011 through personal interview (face to face).



# Pressure under Control 2012

As survey conducted by Michelin shows - more than 30 percent polish drivers do not know what is the correct level of pressure in the tires of their cars. Most of them control the degree of inflation of tires twice a year, which is according to experts is far too rare.

Research conducted by TNS Polska that accompanied the nationwide campaign „Pressure under Control” took place at the end of October 2013. Initiative is organized in Poland from 8 years and its main purpose is to draw attention to the problem of incorrect tire pressure of vehicles and drivers education. The need for this type of action indicated by the results of that survey - 31 percent of respondents could not say what the recommended tire pressure of cars is. At the same time 44 percent drivers have such knowledge, which state an improvement of 4 percent compared to the results obtained in the previous year. In contrast, one quarter of respondents remember approximately the correct level of pressure in the tires of their vehicles.

Drivers were also asked about how often they check inflated condition of tires. The largest group of respondents (24 percent) controls the pressure once every six months, while 15 percent doing it in accordance with the recommendations of the experts, so once a month. Other responses were as follows - more than once a month (7 percent), every 2 months (9 percent), once every 3 months (14 percent), every 4 months (5 percent), once every 5 months



(2 percent), once a year (7 percent), less than once a year (2 percent), no pressure control (7 percent).

This year's edition of the „Pressure Under Control” was accompanied by conducted among the participants of the survey, in which drivers were asked to assess the suitability of this type of awareness-raising activities. 95.6 per cent. of them answered that activities of Michelin has expanded its knowledge about the importance of proper tire pressure, and 99 percent indicated that will use gained information in practice.

## Visiting Teo Motors

Popularity of ReMaTec proves that the automotive components market recovery is not only good, but also intensively developing. Theodore Myszowski - owner Teo Motors, which deals with the regeneration of automatic transmissions, has the same perspective.

*- In present time mechatronics are made of a mixture of aluminum, silicon and magnesium, are very light, soft and very quickly begin to*



*wipe - explains Theodore Myszowski. - Components are becoming smaller and more delicate. Transmissions are equipped with more gears and more elements...*

There is more components that get used to regenerate. Consumption is indeed the most common „damage”, with which have to deal employees of Teo Motors.

To meet the expectations of customers, a company that provides a service of regeneration should be provided with appropriate equipment which is often very expensive.

*- Because we are not able to have the equipment for all cars, all automatic transmissions, we begin to slowly give up with certain brands - those that rarely come to us - he explains. - We will focus on European cars because this is the most common customer so far.*

It is worth mentioning that the regenerated by company repair is covered by annual or two-year warranty.

*- It seems to me that in polish market of regeneration is wider than abroad, where it is still preferable to replace a part on the new - summarizes Theodore Myszowski. - The trend is very clear.*

**The full text of the article was published in issue 12/2013 of „Modern Workshop”.**

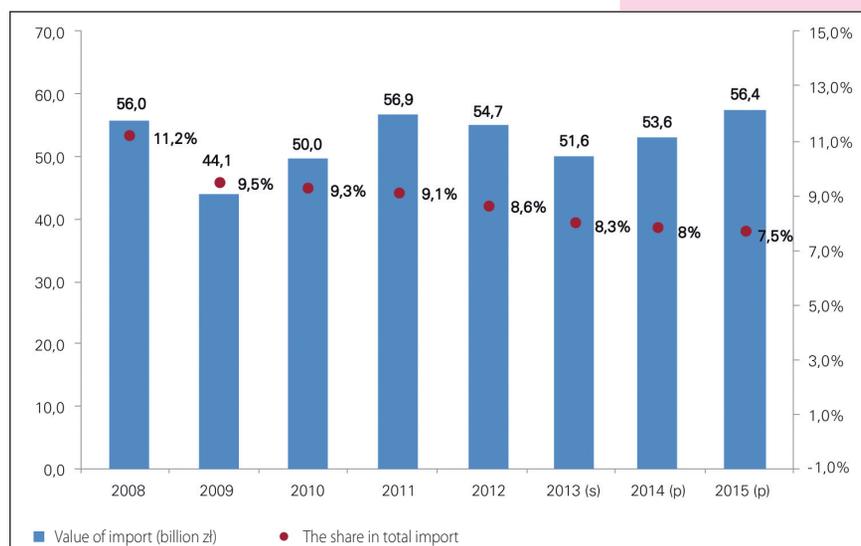
# The role of the automotive industry in Polish foreign trade

Automotive industry plays a key role in Poland's foreign trade, however its importance is decreasing. In 2012, the value of both exports and imports of broadly defined automotive goods declined. Imports of automotive goods to Poland is driven by



both automotive trade and services sector and manufacturing plants. In 2012, its value reached PLN 54.7 billion (EUR 13.1 billion) and was 3.9% lower than in the previous year. Key role in the imports value was played by passenger cars (PLN 16.3 billion) and parts and accessories (PLN 22.1 billion).

## Import of automotive goods



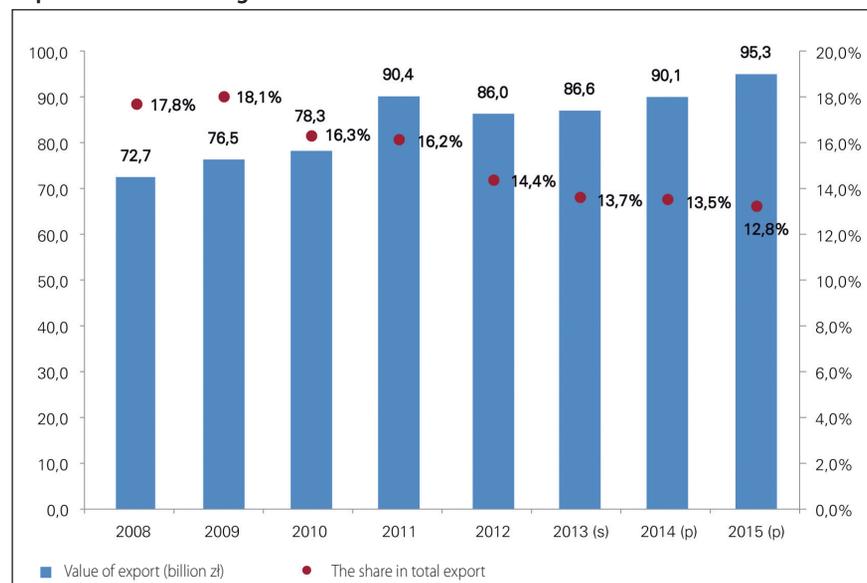
source: KPMG in Poland analysis, estimates and forecasts based on Eurostat data/(s) estimate, (p) – forecast

Year 2013 will bring most likely fall in imports of automotive products. While reflection is possible in the 2014/2015 year, but it will not be large enough to stop the decline in the importance of the automotive industry in total imports.

Exports of automotive goods manufactured in Poland decreased by 5% and totalled PLN86 billion (EUR 20.5 billion) in 2012. The most important categories of exported products were passenger cars (PLN 22.3 billion) as well as parts and accessories (PLN



## Export of automotive goods



source: KPMG in Poland analysis, estimates and forecasts based on Eurostat data/(s)estimate, (p) – forecast

37.1 billion). Exports of commercial vehicles (PLN 12.6 billion) and car engines (PLN 10.4 billion) also plays a vital economic role. Available data for 2013 indicate a further moderate decline in the value of foreign sales of cars and vans, trucks and road tractors. Generally the value of exports of automotive parts and accessories will increase. In total automotive exports may slightly exceed the level of 2012.

Source: "Condition of the Automotive Industry and its role in the Polish economy", report by KPMG in Poland on the initiative of the Polish Automotive Industry Association 2013

# ProfiAuto Show 2014

Between 7 and 8 of June 2014 in "Spodek", Katowice will be held 11 Profi Auto Show with representatives of automotive companies. Exhibitors of this year ProfiAuto Show will present innovations in the field of workshop equipment, tools, parts and accessories. There will be also cars and motorcycles.

The exhibition will be divided into several zones. During the exhibition there will be possibility to gain the latest news about products offered by the company. Specialized training will be conducted in the Training Centre and Garage Equipment Centre where companies will present tools, hoists, compressors, diagnostic equipment, furniture and clothing for garages, as well as training offer. Also in the outdoor area of „Spodek” the visitors will find the entertainment centre where will take place demonstrations of

the latest solutions in the field of car audio, stunt shows, motorcycle stunt, training in first aid and concerts. The exhibition will also include competition for the ProfiAuto Super-Girl - the most beautiful, most efficient and most oriented about the automotive topics female participant of the event.



## Mission accomplished

Among the 36 Taiwanese companies in the Taiwan Trade Mission 2013 in Warsaw, 7 of them represented the automotive parts sector.

Representatives of Taiwanese companies arrived at the invitation of the Polish Taiwan External Trade Development Council (TA-ITRA) and the Polish Agency for Enterprise Development (PARP). The purpose of this visit was to gain potential partners among

120 Polish companies with which entrepreneurs from Taiwan met on October 29 at the Westin Hotel. It is estimated that on that day there was a total of 315 business talks, and many of them ended up in cooperation.

In addition to automotive components companies also presented spray guns, equipment and computer accessories, and even furniture and health products.



## Jacek Pryczek

- head of Goodyear Dunlop Central Europe



Jacek Pryczek - controls Goodyear Dunlop activities in Poland and Ukraine, Chairman of Tire Company Dębica and Goodyear Dunlop Tires Polska Sp. z o.o. - Will take the position of Managing Director of the new organization Goodyear Dunlop Central Europe.

Jacek Pryczek will oversee the activities of Goodyear Dunlop in Central Europe and Southeastern Europe (CSEE), which was previously managed by Thierry Villard, appointed to the position of Managing Director in Australia and New Zealand. The tasks of J. Pryczek will include directing the newly formed organization Goodyear Dunlop Central Europe, which includes CSEE countries, Poland and Ukraine.

Jacek Pryczek started his career in the tire industry in 1994 in the Tire Company Dębica, a year prior to the acquisition of shares of that company by Goodyear. Until 2006 he held various positions in the company in the following departments: Purchasing, Legal, Sales and marketing, he was also a member of the Management Board. He served as Commercial Director of Goodyear Dunlop Tires Polska Sp. z o.o. In 2006 he was appointed to the position of General Director of the organization - Goodyear Middle East and Africa. Since January 2008 he has been Managing Director of Goodyear in Poland and Ukraine, while remaining Chairman of the Management Board and CEO of Tire Company Dębica S.A. and Goodyear Dunlop Tires Poland Sp. z o.o.

Thierry Villard directed the work of the CSEE organization and Goodyear Dunlop Sava Tires since 2010, provided them with the position of the leaders of the tire industry in this part of Europe.

- We thank Thiery for strong leadership and wish him success in future career within the family of Goodyear - said Darren Wells, President of Goodyear Dunlop in region of Europe, Middle East and Africa (EMEA).



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# The decrease in production

In 2012, the performance of the Polish automotive manufacturing deteriorated and Polish market of new cars recorded a second consecutive year of decline in sales – sales of new cars is more than two times smaller than the import of used cars. Quoting the authors of "The condition of the automotive industry and its role in the Polish economy" - no significant rebound can be expected in the coming years.

Car production in Poland is falling steadily since 2008. In 2012, the Polish factories 539.7 thousand left. passenger car produc-

tion in 2013 is likely to fall below 465 thousand. Meanwhile piece back in 2008 produced 841.7 thousand in Poland. cars

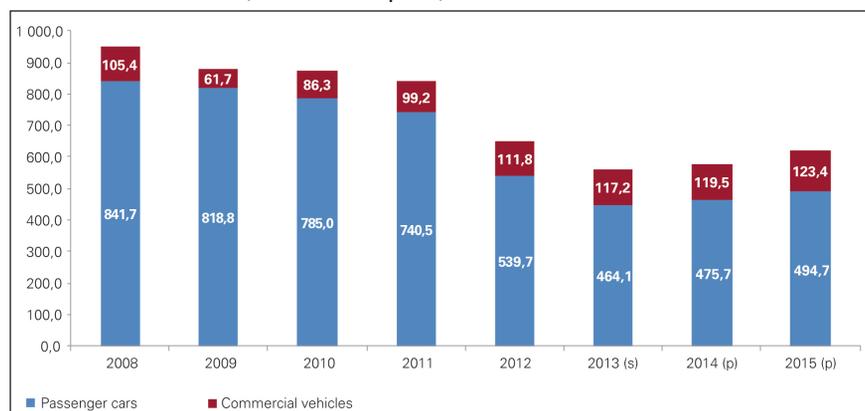
The production of passenger cars in Poland has been decreasing systematically since 2008. In 2012, only 539.7 thousand passenger vehicles were manufactured in Polish plants. The output will probably decrease below 465 thousand in 2013. For comparison, 841.7 thousand vehicles were manufactured in Poland in 2008. The situation is slightly better in the commercial vehicles segment. In 2012, about 111.8 thousand

vehicles of this type were manufactured. This means that it took 4 years to obtain results comparable to pre-crisis levels.

The condition of the segment of parts and accessories, semitrailers and trailers as well as automotive-related products (car tyres, glass and batteries) is better than that of vehicles manufacturing, however its growth dynamics declined in 2012 as well (to PLN 61.2 billion). The total sold production of the broadly-defined automotive manufacturing sector amounted to about PLN 114.6 billion in 2012. In nominal terms, it was 3% less than in 2011. As a result of those trends, the international role of Poland as an automotive manufacturer has been on the decline. In the last five years Poland lost its status of a regional leader in car manufacturing, with the Czech Republic and Slovakia taking the lead. Also, the position of Poland as a regional leader in automotive parts and accessories manufacturing is weakening.

Source: "Condition of the Automotive Industry and its role in the Polish economy", report by KPMG in Poland on the initiative of the Polish Automotive Industry Association 2013

Production of motor vehicles (in the thousands pieces).



Source: development, estimates and forecasts of KPMG in Poland on the basis of GUS; (e) – estimates, (f) – forecasts.

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