



## Robert Kierzek

President of the Management Board of Inter Cars SA

To my fellow shareholders

Dear all,

2015 marked the 25th anniversary of Inter Cars. It was an exceptional year for us all, not only because of the round anniversary, but primarily because of the sales and investment targets we managed to achieve. Our sales grew by 21%, resulting in a revenue of PLN 4.7 b. We once again defended our position in comparable segments at number 1 in Central and Eastern Europe, number 5 in Europe, and number 10 in the world. We started the construction of a new logistics centre in Zakroczym. We currently operate through 347 branches in 14 markets spreading from the Baltic Sea to the Balkans. We offer over a million spare parts and products for passenger cars, trucks and motorcycles. Our tools, diagnostic devices and other garage equipment, trainings, investment programs, as well as the ability to encourage drivers and entire fleets to use the garages owned by our key customers prove that our development strategy has been successful.

**We are proud that during these 25 years we have managed to catch up with the rest of Europe and become one of the leading companies in the segment.**

One of the biggest business challenges that Inter Cars faced in 2015 was growth. Struggling to provide our customers with the best services possible could not avoid too rapid an increase in costs and a profit below our expectations. The reconstruction of our logistics while building our new logistics centre and the consolidation of our warehouse spaces in Poznań and Sosnowiec did not make it easy on us to pursue our ambitious goals, either. As a team, we learned the lesson of 2015, and, consequently, in the first quarter of 2016 we started implementing a corrective scheme aimed at improving our results at each level. I would also like to assure you that all our actions are aimed at achieving a long-term effect. Our partnership with all our stakeholders will only make this task easier.

Our competitive advantage and the still unconsolidated distribution segment are an opportunity for us to continue our development, both at home and abroad.

**We have a clearly defined goal to become the leader on each of the markets in which we operate.**

Our strategy of organic growth has worked in every country in which we operate. Over a short period of time we have managed to build internal competences to create green fields. This innovative approach to the spare parts distribution market has been both effective and profitable. We have a large potential of growth based on the adopted model of development. This is why we are not considering acquisitions at this point.

We are introducing new product segments on all markets, using our strength stemming from our distribution chain, our effective logistics, ability to generate profit and our sound financial standing.

### **2016 goals**

We assume that in 2016 we will continue to grow faster than our domestic and foreign markets. This is confirmed by the reports on the revenues of our distribution companies published over the last four months of this year.

In 2016 we plan to open 80 new branches as we plan to bring our products closer to our customers and improve the quality of services provided by local garages.

The central warehouse in Zakroczym will continue to be our main investment, along with the four new regional warehouses (dedicated to mass products such as batteries, oils and tyres), implementation of a new Warehouse Management System and several IT projects, including further development of our Motointegrator.pl platform.

We plan to open the logistic centre in Zakroczym in first quarter of 2017. In 2016 we are going to spend 40% of the budget assigned to this investment, totalling PLN 160 in 2015 and 2016 combined, of which over 50% has been invested in what's going to be the most modern warehouse logistics system in Europe.

We do not hesitate to invest in modern logistic and IT solutions as we see great opportunities in the development of the spare parts distribution segment and a high rate of return on the capital invested (16%). We believe that we can still improve the quality of our services and give our customers more satisfaction.

Despite our optimism as to the future development of the segment we remain vigilant to the market changes and the activity of our competitors. The main challenges for Inter Cars include: competition on the part of car manufacturers, development of new, Internet-based business models, new car patterns related to the use of cars, such as car sharing.

We are convinced that the spare parts distribution business will continue to grow due to the increasing number and complexity of cars, as well as more advanced parts and systems. Therefore, more and more repairs will be performed by garages. Supporting this channel of sales will result in a long-term growth of Inter Cars' value for its shareholders.



In our opinion 2015 was a successful year for our company. On behalf of Inter Cars S.A. I would like to thank our customers, shareholders, employees and all other stakeholders for their support, trust and cooperation.

Robert Kierzek

President of the Management Board of Inter Cars SA