



**FABRYKA OSPRZĘTU SAMOCHODOWEGO "POLMO" ŁÓDŹ S.A.**  
**AUTOMOTIVE EQUIPMENT FACTORY "POLMO" ŁÓDŹ Co.**

ul.Przybyszewskiego 99 93-126 Łódź POLSKA / POLAND



System zarządzania  
 ISO 9001:2015  
 IATF 16949:2016  
 www.tuv.com  
 ID 9105018396

Sąd Rejestrowy: Sąd Rejonowy dla Łodzi-Śródmieście w Łodzi XX Wydział Krajowego Rejestru Sądowego Nr KRS 0000063973  
 Kapitał zakładowy wpłacony: 4.475.469,80 Zł NIP 724-000-25-74

**PRELIMINARY INFORMATION FOR THE DEVELOPMENT STAGE PROJECT OF THE FABRYKI  
 OSPRZĘTU SAMOCHODOWEGO POLMO ŁÓDŹ S.A. POLMO ŁÓDŹ S.A.**

**I. GENERAL INFORMATION**

**1. Company data**

**1.1. Company Name**

*Fabryka Osprzętu Samochodowego Polmo Łódź Spółka Akcyjna*

**1.2. Basic data about the company**

<i>Short name:</i>	<i>FOS Polmo Łódź S.A.</i>
<i>Legal form:</i>	<i>Joint-stock Company</i>
<i>Country of seat:</i>	<i>Poland</i>
<i>Seat:</i>	<i>Łódź</i>
<i>Address:</i>	<i>99 Przybyszewskiego Str., 93-126 Łódź</i>
<i>Phone number:</i>	<i>+48 (042) 254 77 00</i>
<i>Fax:</i>	<i>+48 (042) 250 37 04</i>
<i>E-mail address:</i>	<i>polmo@polmo-lodz.com.pl</i>
<i>Web_site:</i>	<i>www.polmo-lodz.com.pl</i>
<i>Tax ID Number :</i>	<i>7240002574</i>
<i>National Business Registry Number:</i>	<i>471217737</i>
<i>National Court Register number :</i>	<i>0000063973</i>

**2. Company's share capital:**

<i>Number of shares (pcs)</i>	<i>2.183.156</i>
<i>Nominal value of one share</i>	<i>2,05 zł.</i>
<i>Share capital in PLN</i>	<i>4.475.469,80</i>

**2.1. Registration date of the Company in the National Court Register:**

*On the September 16, 2004 The District Court for Łódź-Śródmieście in Łódź, 20th Department of the National Court Register issued a decision on entering the Company into the Register of Entrepreneurs.*

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**Łódzkie**



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### **3. Company's bodies**

The Company's bodies are:

- Management Board
- Supervisory Board
- General Meeting of Shareholders

### **4. Company's authorities Management**

The Company Management Board:

*Tomasz Węglarczyk – President of the Management Board*

*Tel: 42 254 77 00*

*e-mail:prezes@polmo-lodz.com.pl*

*Andrzej Janiszewski – Board Member*

*Tel: 42 254 77 00*

*e-mail:dyr.handlowy@polmo-lodz.com.pl*

Supervisory Board:

*Włodzimierz Węglarczyk – chairman*

*Mirosława Ozdoba – secretary*

*Monika Borowska – member*

### **5. Shareholders holding at least 5% share in the share capital and votes :**

<i>Alina Węglarczyk</i>	<i>1,057,188</i>	<i>48.42%</i>
<i>Andrzej Janiszewski</i>	<i>439.639</i>	<i>20,14%</i>
<i>Włodzimierz Węglarczyk</i>	<i>278.751</i>	<i>12.77%</i>

### **6. Who are we?**

*FOS Polmo Łódź S.A. is the largest Polish and international important manufacturer of compressors for pneumatic braking systems, which are used in trucks, buses and agricultural tractors.*

*The product range of FOS POLMO Łódź S.A. :*

- *components for the production of compressors,*
- *complete compressors,*
- *spare parts for compressors,*
- *parts for the production of brake components,*
- *turbocharger housings.*

*The company's asset is a modern machine park and an innovative measurement base such as laboratories, a measurement room, equipped with the latest equipment.*

*We have our own R &D department.*

*We carry out professional production of the following parts :*

- *crankshafts of steel forgings and iron castings,*
- *cast iron and aluminum alloy housings,*
- *valve plates cooled with air and water,*
- *connecting rods made of aluminum alloys,*
- *cast iron cylinders with Plateau honing,*
- *turbocharger housings,*
- *aluminum and cast iron parts for the production of brake components.*

FOS Polmo products are mainly sold for export (cca.68%) -among others to Wabco, Borg Warner Turbo Systems, Knorr-Bremse, Haldex, SAME DEUTZ-FAHR, MTZ and John Deere. We also supply compressors and brake systems to companies which operate in Poland and produce agricultural tractors -such as Farmtrac, Pronar.

## **7. Employment, sales level, housing base, technical equipment**

Currently, the Company employs 260 employees:

- technical staff with higher education - 20% of employment,
- economic and administrative staff with higher and secondary education - 20%,
- production staff secondary and basic technical education - 60%

The company works in a 3-shift system.

The value of sales per year is approximately PLN 65 million.

Important determinants which constitute competitive advantage:

- flexibility in meeting the clients' needs at the highest level of quality based on the created human resources, modern technologies and machinery park together with own laboratory and measurement base,
- organizational and financial stability.
- Customers which are interested in the growth and development of cooperation,
- supporting all forms of company activity with IT systems.

In total, the Company covers 25,800 sq m, including 16,000 sq m of the building space.

The buildings and structures are the property of the Company, while the land is in perpetual usufruct until 05.12.2089

## **8. Supply and organization of production processes.**

FOS Polmo has been cooperating with a group of large suppliers for many years. They represent high quality and technical standard of the activity

The suppliers are:

- iron foundries,
- forges (die forgings),
- component suppliers (pistons, rings, gaskets),
- aluminum foundries, - tool and instrumentation suppliers,
- utilities: electricity, heat and water,
- service companies in different areas.

Production is organized in processing and assembly lines and nests. Within these structures there are:

- four lines for machining cast iron crankshafts,
- three lines for machining steel crankshafts,
- two machining cells for monoblocks,
- three machining cells for turbochargers,
- machining cell for cylinders,
- machining cell for con-rods and heads
- machining cell for cast iron housings,
- machining cell for aluminum parts
- compressor assembly station,
- compressorfunctional test station

## **II. ASSUMPTIONS FOR THE DEVELOPMENT PROJECT**

### **1. Introduction**

*Starting from 2006, the Company carried out intensive development and investment processes, which resulted in a dynamic increase of sale on global and domestic markets. During this period, FOS Polmo has gained the reputation of a modern company that operates well on the global markets.*

*Company has all the quality certificates required by the automotive sector.*

*The result of the intensively implemented investment processes, on the one hand, was the opportunity to increase sales on the very demanding markets, and on the other hand, these investments resulted in high depreciation costs in the income statement. The share of depreciation costs in the sales value reached a high level from 10% to 12%. resulting in low profitability combined with high financial surplus.*

*In 2019, the share of depreciation in the value of sales will approximately constitute 5-6% and will continue to exceed the industry average. At the end of 2019, we forecast a financial surplus of PLN 1.0-1.2 million.*

*The current situation of Polmo is determined by several important factors, which include:*

- significant increase of costs, including material costs and staff costs/ high payroll dynamics /,*
- shortage of qualified personnel on the labor market creating the need for internal-education / additional costs /,*
- still strong competition on the global markets, including customer pressure to reduce sales prices,*
- having innovative products and the ability to create new products for new markets,*
- high competence of the engineering and technical staff,*
- global contacts on the supply markets and product sales,*
- high entry barrier / high investment and staff costs /,*
- the need to renew the machine park at a higher generation level - robotization,*
- partial replacement investments.*

### **2. Objective of the investment project**

*The need to maintain the market position and the achieve the highest production standards in the Automotive industry sets FOS Polmo two levels of goals:*

*Level I is the renewal of manufacturing processes through the modernization of our production base with particular care to increase work efficiency and the possibility of creating new innovative products with the simultaneous implementation of training programs for the executive staff.*

*Level II is a comprehensive robotization of production processes and control along with the system of training programs. - adapted to the conditions of Polmo operation and sector requirements*

*2.1 The renewal of the production processes by modernization of our production base is possible in cooperation with machine and device manufacturers as well as specialized service companies. The implementation of this process allows us to increase the reliability of machines & devices as well as modernization and increase their efficiency. Increase of*

*productivity by 20% to 25%. Should be the result of achieving the described objective. This will result in a monthly increase of sales from 5.350k PLN . up to 6.625k PLN. and the profitability increasment from 1.5% to 5% - 6.5% depending on the dynamics of costs and exchange rates.*

*Investment on the implementation of this version of the project in accordance with the estimates which are held in the Company will amount to approx. PLN 10 million.*

*2.2 The implementation of the goal of the second level/variant is planed after achieving the assumed parameters of the first variant*

*3. All given data and amounts are justified in the Company's documents and analyzes.*

*The Management Board of FOS Polmo Łódź S.A.*