

PRESS RELEASE

Borg Automotive | Schouw & Co.

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Borg Automotive to build new factory in Poland

The Danish remanufacturing company Borg Automotive will establish a new production site in Poland to meet the growing demand for remanufactured automotive parts.

In recent years, the European market for remanufactured automotive parts has grown approx. seven percent annually. As the largest independent remanufacturing company in Europe, the Danish company Borg Automotive, which is owned by the Danish industrial conglomerate Schouw & Co., is at the center of this market.

- The remanufacturing market is growing rapidly. This development covers a long range of industries that have realized the value of circular economy. It is built on principles of sustainability, while it is also sound from a socio-economic perspective, Kim Kruse Andersen, CEO of Borg Automotive, explained.

- As a supplier of remanufactured parts to the automotive industry, we have been part of this development for several years. We are facing a future, where the number of cars on the roads will continue to rise, while the average mileage per car is also expected to increase. Every car needs servicing, which means that more and more are recognizing the importance of remanufactured parts, he continued.

Today, Borg Automotive has production facilities in Denmark, Belgium, England and Poland, where it manufactures starters, alternators, brake calipers, AC compressors, EGR valves and steering columns, pumps and racks. To meet the increasing demand for these remanufactured automotive parts, the company will now establish a brand new factory southeast of Warsaw in the city of Lublin:

- The production capacity of our current factory in Poland is almost fully utilized. We work with 15-month forecasts, and we project that our current factory will reach its full capacity in 2019. This is the reason why we have been working on a plan to increase our capacity, which we will now commence, Kim Kruse Andersen said.

Borg Automotive's current production site in Poland employs 1,300 people and is based in the city of Zduńska Wola southwest of Łódź in the central area of Poland. Due to space limitations, the factory cannot be expanded in this area, and the region has almost reached full employment. Hence, the Danish company considers Lublin, which is Poland's ninth largest city, to be a more suitable location with great possibilities for further expansion in the future:

- We are very satisfied with the performance of our current factory in Poland. Our Polish employees are skilled and efficient, and the wage level in Poland remains considerably lower than most of Western Europe. We are familiar with the country and its possibilities, so it was a natural choice for us to expand our operations here, Kim Kruse Andersen explained.

- However, we must spread our risks to ensure that we will not establish a new factory with no employees, he continued.

Borg Automotive will establish its presence in Lublin in existing business premises, which has been used for industrial production in the past. Hence, shortening the approval time of the Polish authorities. This means

that the new factory can be operational in the first quarter of 2019 – initially with about 50 employees. According to the CEO of Schouw & Co., Jens Bjerg Sørensen, the need for expansion is a very positive sign:

- Remanufacturing in general, and particularly the remanufacturing of car parts, contains great potential. As owners, it is our responsibility to support Borg Automotive's growth by acting quickly and resolutely before our current capacity reaches its limit, he explained.

- We want to invest in both organic growth as well as growth through acquisitions. Therefore, investing in a new factory was an easy decision for us to make together with Borg Automotive, he concluded.

Schouw & Co. acquired Borg Automotive in the first half of 2017. Last year, Borg Automotive had a turnover of around DKK 700 million. In 2018, the turnover is expected to exceed DKK 1 billion.

About Borg Automotive

Borg Automotive is Europe's largest independent remanufacturing company, specializing in the manufacturing, sale and distribution of remanufactured automotive parts to the European market. Borg Automotive sells its products under three different brands: Lucas, Elstock and DRI of which Elstock and DRI are the company's own brands. The main products are starters, alternators, brake calipers, AC compressors, EGR valves and steering columns, pumps and racks. Borg Automotive is headquartered in Denmark in the city of Silkeborg with production facilities in Poland and England along with a development center and sales office in Belgium.

Borg Automotive is owned by Schouw & Co. and had a turnover of DKK 709 million in 2017, which is expected to exceed DKK 1 billion in 2018.

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