

## Conquering the East!



**NTN**  *With you*

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IN THE SPOT LIGHT**  
THE AUTOMOTIVE  
SECTOR IN THE  
RUSSIAN WORLD.

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WON OVER BY  
EXPERTS & TOOLS

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CENTRAL EUROPE**  
ZOOM ON THE  
POLISH MARKET.



editorial

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## We are ready...

Rapid response and our total commitment to serve you. Precisely because times are difficult, we are more active and reactive than ever.

### Ready for "New Frontiers"

Russia, Belarus, Poland, the Czech Republic, Slovakia and Hungary: in Eastern and Central Europe, new markets are emerging and are rapidly taking form. To meet their expectations, we are developing vast programmes, putting new tools and new strategies into place, and even establishing an office, as in Warsaw.

### Above all, ready for the recovery

Our fighting spirit is intact, our enthusiasm twice as strong. We have taken advantage of this time of crisis to carry through on important in-depth activities.

1 - We have improved our logistics.

Our goal is to guarantee the availability of the parts you need.

2 - We have put into place the programmed expansion of our range of products throughout Europe. NTN products, especially conical and needle bearings, have completed and improved our range.

3 - We have developed and structured our "Services" proposal, notably with "Experts & Tools". Specifically dedicated tools, state-of-the-art services; so many "added services" that demonstrate our willingness to be your preferred partner.

### Ready for "renewed growth"

During the crisis, SNR was strengthened especially by the acceleration of the SNR 2010.2 Plan. Above all, SNR significantly reduced its debt, bringing our indebtedness down to a level lower than at the start of the crisis. This is fundamental, because we know that any recovery will be a cash consumer.

By putting these different activities into operation, we wanted to think ahead and prepare ourselves constructively for the future. Like you, I hope that 2010 will be a year of significant recovery. With you, and for you, we are ready to seize all opportunities.

Mr Sépulchre de Condé,  
Managing Director, SNR Bearings.

With You



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## 02 | MARKET IN THE SPOTLIGHT THE AUTOMOTIVE SECTOR IN THE RUSSIAN WORLD.



# MARKET The automotive

A double-digit increase in sales, the ever-growing presence of foreign brands, a distribution system that is becoming organised and structured. In the Russian world, the automotive market is undergoing rapid and profound changes.

A first overall view with Leonid Nerezov, in charge of NTN-SNR automotive parts sales for Russia, Belarus and the Ukraine.

### A RAPIDLY GROWING MARKET..



Léonid NEREZOV

"In 2004," recalls Leonid Nerezov, "the number of cars in circulation in Russia was just over 29.8 million vehicles (light vehicles, LUV: light utility vehicles, HGV: heavy goods vehicles, and buses). On 1 January 2009, the number rose to 38.2 million units, a lot more than the most optimistic

estimates. This spectacular growth was paralleled by another important development. In 2004, 80% of the vehicles were Russian and 20% were of foreign origin. On 1 January 2009, the proportion of foreign vehicles on the road in Russia had increased to 34% or 11 million vehicles. In Belarus, the trend is even more pronounced. In 2006, the proportion of domestic vehicles to the total number of vehicles in circulation was estimated at only 42%. So, everywhere, local vehicles face strong competition from foreign vehicles, which, whether imported or locally manufactured, are meeting with considerable success."

2,8 millions

is the number of new vehicles sold in Russia in 2008, an increase of 15% compared with the previous year.





In Red Square - Moscow

# IN THE SPOTLIGHT

## sector in the russian world.

### THE EVOLUTION OF PRODUCTION.

"In order to profit from this expanding market, most foreign manufacturers already have a foot on Russian soil. Their presence can take varied forms, most often that of a commercial agreement or joint venture. Some of the more significant examples? At a highly publicised event, Renault-Nissan took a 25% share in the AvtoVaz Group, known for its Gygouli, the renowned Lada. Toyota, in collaboration with EBRD, has built a 50,000 m<sup>2</sup> factory at St Petersburg which now produces the Camry. PSA Peugeot Citroën and Mitsubishi have built a joint plant at Kalouga. The launch is expected in March 2010. Progressively, industrial partners – first and second ranked system manufacturers and vehicle equipment manufacturers – are installing themselves close to the new production sites."

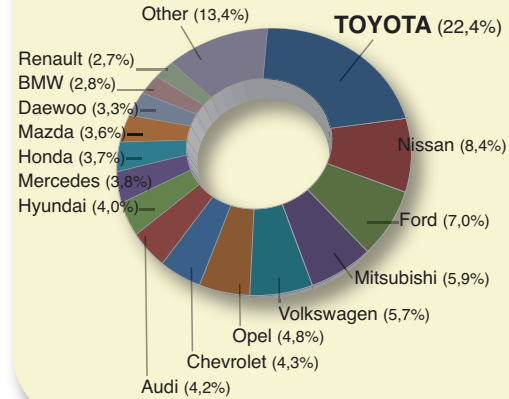
### THE DISTRIBUTION ORGANISATION.

"The replacement and spare parts market is developing and also rapidly taking form. It is largely divided between two channels: on one hand, "general wholesalers" distribute locally manufactured parts for Russian vehicles and, on the other, "wholesalers specialising in foreign parts" must import. Importation rules established by the

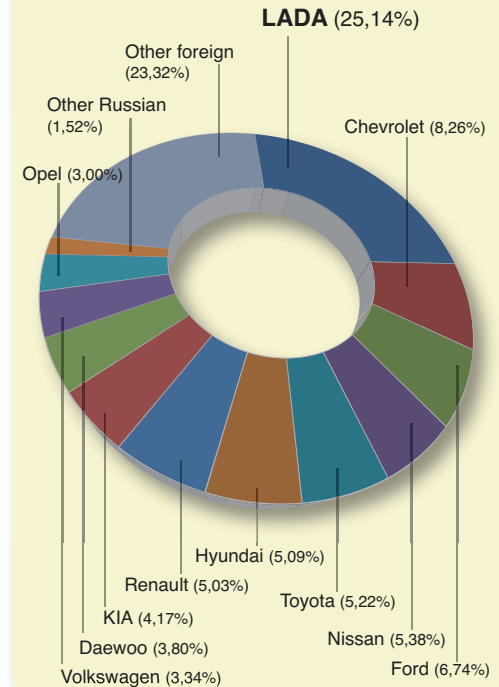
government have led to the creation of a veritable work charter and, indirectly, to the constitution of a distributors' association, one of whose missions is to promote quality parts.

The well known names of the industry are among its members. Armtek, for example, proposes no less than 65,000 products in Russia, and in Belarus where the company also has facilities. The operating basis is "the goods, here and now!" Armtek knows how to reach its objectives. In total, the group employs 2,000 people, has 120 suppliers and will soon have an ultra-modern 18,000 m<sup>2</sup> warehouse. And the customers are there waiting. In Belarus, for example, NTN-SNR's sales increased by 70% from 2006 to 2007. With the financial difficulties created by the crisis, lower-quality parts soon tend to gain market share. But as Evgeny Luchenkov, General Manager of AD Smartec (Moscow), another major player in the industry, explains "Their sales outlets are not our competition. We favour original parts, we provide our sales people with technical training, we put together a range of products and we provide technical information." This is a perfectly summary of the quality replacement parts programme in Russia."

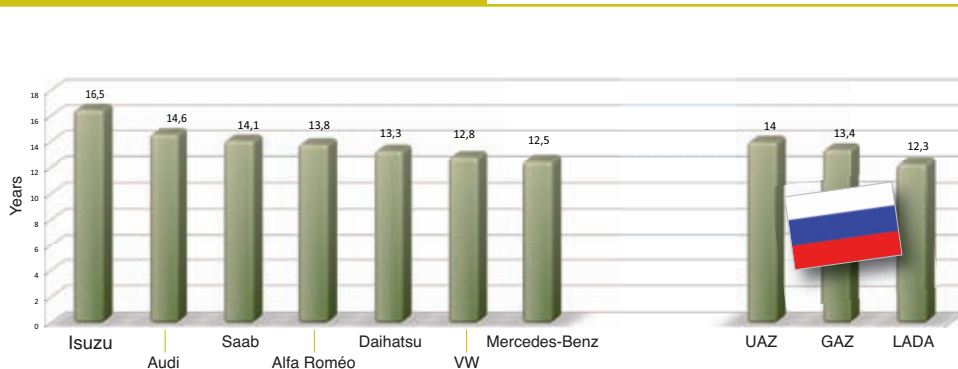
### FOREIGN CARS IN CIRCULATION IN RUSSIA ON 01/01/2008



### BEST SALES BY MAKE IN 2009 IN 2009 (from January to June) 728 000 vehicles (SOURCES AUTOSTAT.RU)



Average age of foreign cars in Russia in 2008



NTN-SNR solution

## 04 FRANCÉMOTORS, NTN-SNR SHARED OBJECTIVES.

Minsk

# FranceMotors



## FRANCÉMOTORS, NTN-SNR... SHARED OBJECTIVES.



Sergey V. GOUR

### FRANCÉMOTORS FIGURES:

- **Founded:** 19/01/2001
- **CEO and founder:** Sergey Victorovitch Gour
- **Head Office:** Minsk
- **Subsidiaries:**  
Gomel, Grodno, Baranovitchi, Vitebsk
- **Turnover:** 4 million euros  
(60% automobile parts,  
40% distribution to industry.)
- **Main product lines:** industrial bearings,  
brake systems, filters, wheel bearings,  
distribution, suspensions, transmission  
bearings.
- **Warehouse area:** 240 m<sup>2</sup>
- **Number of items:** 3,500
- **16 employees in the Minsk office.**

For further information:  
[www.francemotors.by](http://www.francemotors.by)

Established in January 2001 in Minsk by Mr Sergey Victorovitch Gour, France Motors has just celebrated 9 years in business, moving at a lively pace. For proof, the 2009 turnover was 70% up on that of 2008. In this success story, the NTN-SNR group holds an important place. Perspectives, then, on distribution both Automotive Parts and Industry, in Belarus.

### FRANCÉMOTORS: A SPECIAL SPIRIT.

In existence for less than a decade and with exponential growth, FranceMotors is emblematic of the new forces developing in Eastern Europe. In fact, the company knew what it needed to realise its ambitions: a clearly defined marketing strategy, experienced, qualified personnel, 4 strategically positioned subsidiaries, fruitful partnerships with local investors, vigilant and attentive customer service. To ensure its growth, FranceMotors also cultivates very special relations with "first-rate" suppliers, including, right in first place, the NTN-SNR Group which represents 60% of products sold.

Among the principal lines of products sold, there are: bearings for industry, braking systems, filters, wheel bearings, distribution, suspensions, and transmission bearings. Thus, involved in both the automobile parts and in industry, original equipment and spare parts, FranceMotors is an ideal observation post for approaching the market.

### AUTOMOBILE PARTS: A SECTOR DESTINED TO GROW.

"In Belarus," states someone from within the company, "many of the cars on the road, both local and foreign, are old. For this reason, the spare parts market is prosperous and expanding. It should be even more so in the future. In fact, from 2010, with the new customs union, the Russian and Belarus governments are planning to increase import taxes on foreign cars. This increase should lead to the growth in demand for quality spare parts. With the strength of

accumulated experience and a well honed partnership, FranceMotors and the NTN-SNR Group are ready. A pioneer, FranceMotors was one of the first dealers to distribute spare parts for the French cars in the country. For its part, the NTN-SNR group is now well recognised in Belarus for the quality and technical nature of its products. This positive brand image is producing a constant, steady increase in sales."

### VARIOUS INDUSTRIAL SECTORS.

From the industrial point of view, FranceMotors is active both with OEM clients and spare parts networks. Its activity is structured around three major client groups:

- manufacturers of tractors and farming equipment: MTW, Gomselmash, LidaAgroPromMash.
- chemicals industry players: Moguilevkhimvolokno, Grodnokhimvolokno.
- manufacturers of industrial machinery: Atlant, LMZ Universal.

### STIMULATING PERSPECTIVES OF THE FUTURE.

Going with this tide, FranceMotors is planning development on all fronts. True to its initial vocation, the company is pursuing and improving the distribution of spare parts for French cars in Belarus. At the same time, with in view of the need to diversify, it is also working on expanding its range by progressively integrating NTN-SNR products designed for other foreign makes. Naturally, the industrial sector should also be taken into consideration. Whatever the field of activity, we should state that at FranceMotors, "products of French origin are always appreciated for their excellent quality." In spite of the crisis, thanks to the involvement of a dynamic sales team, 2009 was a prosperous year. The result was an increased turnover of 70% compared with 2008. "We are set on supporting and continuing this upturn." affirms Leonid Nerezov, in charge of NTN-SNR Automotive Parts sales for Russia, Belarus and the Ukraine.

# mabéo

## INDUSTRIES

Created in 1829, the Martin Belaysoud group is a major player in France in its various fields. It is presently split into 4 divisions: **Tereva** (plumbing, heating and sanitary sales to the building industry), **Crossroad Steel** (steel trading), **Fluides Service Distribution et Technologies** (petrochemicals trading) and **Mabeo Industries** (distribution of personal safety equipment, general industrial supplies, mechanical gears and drives, high- and low-pressure industrial fluids, process automation and peripheral electrical equipment).

Interview with Maurice Lallement, Mabeo Industries' Director of Sales and Marketing.

MAURICE LALLEMENT shows us his vision of industrial supplies:

« A new global proposal for local service. This slogan, Mr Lallement explains, sums up Mabeo Industries' strategy perfectly: to diversify our product lines and our associated services to cover a large range of sectors of activity. We work with a wide-ranging industrial clientele: the automotive, agrifood, oil and chemicals, paper-making, metallurgy and cement sectors, as well as services companies (transport, logistics), local authorities, public works and the construction sector, including both major customers and SME (small and medium-sized enterprises). Our clients expect service, responsiveness, technical advice, dependable response and reliable products from us. Attentive to their needs, we distribute only products whose manufacturers are leaders in their field. In the field of bearings, SNR has been our partner for 25 years and NTN for about ten years. The new NTN-SNR synergy definitely brings some advantages: an unquestionably wide range of products, a stronger brand image, better responsiveness due to there being only contact, a single logistical platform, etc. »

### EXPERTS & TOOLS: A "PLUS" FOR OUR CLIENTS.

"Certainly," Mr Lallement continues, "our clients are always looking for efficient and competitive maintenance solutions. To meet their expectations, we must be able to rely on highly competent specialised partners like NTN-SNR. The "Experts & Tools" proposal certainly complements the range of bearings and pillow blocks, and is an essential asset. The proposed services are a real "plus" for us and therefore for

our clients. In 2009, we organised several training sessions that were a great success. This is a tremendous way of boosting our image. NTN-SNR specialists go to the client with their well equipped BEBOX tools. They can then train or advise the sales or maintenance teams directly about their fitting and extraction solutions to suit the application. We are presently working on the 2010 training plan. In the sales supports



dedicated to our clients, we also tell them about the Experts & Tools maintenance service, especially about the extractors and the mounting kits."

### EXPERTS & TOOLS IN A NUTSHELL:

For optimised maintenance, Experts & Tools is:

- an expanded line of tools, including new mechanical and hydraulic extractors and accessories. Hydraulic nuts, pumps and connectors, bearing-heaters, digital thermometers, cold heading hammers.
- large tool rentals: bearing heaters, high-capacity extractors, hydraulic nuts.
- a new range of greases suitable for use under various conditions and "packaged" for distribution
- theoretical training in the regions, or at distributors' premises
- practical training at the Ancey office or working directly with maintenance teams using the BEBOX tools designed for personal training.
- technical assistance services for mounting and extracting bearings.
- expertise on-site or in the Experts & Tools analytical laboratories: predictive or curative vibration analysis
- reconditioning large bearings
- maintenance organisation audits

For further information:  
[www.mabeo-industries.com](http://www.mabeo-industries.com)  
[www.ntn-snr.com/services](http://www.ntn-snr.com/services)



### MABÉO INDUSTRIES IN FIGURES:

**Head Office:** Bourg-en-Bresse

#### 6 areas of activity:

- Personal safety equipment
- General industrial supplies
- Mechanical gears and drives
- Piping, Seals, Valves, Semi-manufactures
- Pneumatic and Hydraulic Fluids
- Electrical automation
- Investments and services

**45 agencies covering France**

**Also active in Slovakia**

#### 5 logistical platforms:

- Montbéliard,
- Bourg-en-Bresse,
- Bordeaux,
- Paris Region,
- Valenciennes.

#### 800 employees

> including 200 in sales

**400,000 items**

**60,000 client accounts**

**20 million euros worth of stock**

**200 million euros turnover (2008)**





Chain Bridge – Budapest



Astronomical clock – Prague

# CENTRAL EUROPE THE DYNAMISM OF INDUSTRY



**P**oland, Czech Republic, Slovakia, Hungary... In order to define these Central European markets more precisely, a first approach with Jean-Pierre Demorge, in charge of NTN-SNR's exports to Eastern Europe.

**O'MAG:** What are this zone's main characteristics?  
**J-P. DEMORGE:** These countries have a strong industrial tradition that, in some cases, dates back to the beginning of the 20th century. Since the end of the Soviet era, this sector of activity is undergoing rapid and sustained growth. Currently, across the region, a new industrial enterprise is created every week. These are very promising markets with great potential.

**O'MAG:** Which are the large sectors of activity?  
**J-P. D:** They are many and varied. Beside the booming automotive construction sector, industry is also developing in a very dynamic way. Machine tools especially, particularly in the Czech Republic which is the historic cradle of precision engineering for this region. At the Brno International Fair (Czech Republic), for example, no less than 150 manufacturers display all types of machines. We will also be there in September 2010 with an NTN-SNR stand.



AGV Model for NTV

In Poland, there are numerous manufacturers of mining and quarrying plant. We should also point out the most significant sectors of activity: farming machinery in Poland and Hungary, railway equipment in the Czech Republic, heavy construction equipment in Poland and Hungary...

**O'MAG:** How have you approached these markets?  
**J-P. D:** SNR started with Automotive Parts with one or two distributors in each country in the early 1990s. As some of them had created an industrial division, we were able to grow with them as they developed.

For its part, NTN began about fifteen years ago with an exclusive distributor in Poland (Albeco in Poznan). Today, the NTN-SNR group is established in these 4 Central European countries through a network of dynamic distributors: 7 in Poland, 4 in the Czech Republic, 3 in Slovakia, 5 in Hungary. This presence in Central Europe opens doors for us in neighbouring markets, like Kazakhstan for example.

**O'MAG:** What is the future for this region?  
**J-P. D:** It will definitely continue to develop, for the industrial companies are now turning to large-scale exportation along the lines of this manufacturer of railway equipment – passenger coaches, to be precise, working in Argentina, Venezuela and Iran among other countries.

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## SNR POLSKA

On 1 December 2009, SNR officially opened a representative office in Warsaw. Why Warsaw? Because it is a centre of exchange between Western Europe, and Central or even Eastern Europe. Why a representative office? To be closer to contacts and to communicate in their own languages. An open dialogue, then, with:

- Jaroslaw Rudzinski, Office Manager,
- Anita Klepacz, marketing assistant,
- Jiri Symanek, in charge of the Czech and Slovakian markets.
- Jean-Pierre Demorge, NTN-SNR Export Manager for Eastern Europe (based in Annecy)

An Automotive Parts Representative will soon be added to the team.

# QUAY :

## ZOOM ON THE POLISH MARKET.



Zbigniew PRZYBYLSKI



Wojciech PRZYBYLSKI

Created at Poznan, in the early 1990s, Quay developed rapidly. Diversification of product lines and an increase in the number of points of sale.

Looking back on this Polish story and considering the outlook for the future with Mr Zbigniew Przybylski, co-founder.



**O'MAG:** What is Quay's principal activity?

**ZBIGNIEW PRZYBYLSKI:** Quay was founded in 1992. Originally it was a distribution company dealing exclusively in bearings. Then we received proposals to market other products and extend our activities. We entered into our first co-operative agreement with Optibelt (a drive-belt manufacturing company). This partnership proved very fruitful and we did not hesitate to diversify our range. So we now market a complete range of technical products: bearings, chains, tools, electric motors, transmissions, reducers and a broad range of accessories. Our activities are obviously sales-oriented but also include a great deal of technical advice for our clients.

**O'MAG:** Who exactly are your clients?

**Z.P:** Poland has a very dense and busy industrial base that has developed significantly in recent years. There are many dynamic companies in various fields, such as farming equipment, paper manufacturing, glass industries and operating equipment for mining or energy production. Our clients are therefore very diverse. In the majority, they are small and medium-sized companies that rely on our advice and services. We also work with large industrial groups that are more sensitive to the factors of "price" and "quality": PMPoland, MONDI, DALKIA, PROCTER & GAMBLE.

**O'MAG :** What is your working area?

**Z.P:** We cover the whole of Poland. We have opened no less than 10 branches in the country's main cities. And so we have 11 strategically placed points of sale. We employ 80 people, which is an increase of over 30% in our workforce compared with 2004."

**O'MAG:** Have your activities been impacted by the crisis?

**Z.P:** Over the past few years, Poland has enjoyed growth in the order of 6-8% per year. The crisis has brought a halt to this development across the board.



However, its effects vary. While our major clients have seen considerable falls in their turnover, small and medium-sized businesses seem to have held up, or even had slight increase in business. As we are mainly geared to the latter type of clientele, our turnover is stable."

**O'MAG:** What do you expect from your partners/suppliers and what do you think of the opening of NTN-SNR's representative office in Warsaw?Varsovie ?

**Z.P:** Over the years, we have developed a close relationship with Optibelt and we have become their main distributor in Central Europe. The NTN-SNR group is already greatly appreciated, especially for its unquestionable wide range of product lines. Opening an office in Warsaw is a first step towards closer co-operation.

(Cf. insert p.6)

**O'MAG:** Any projects for the future?

**Z.P:** For the coming years, our objective is to regain dynamic development. One of our objectives is to change the legal status of our company into a limited company (S.A) or to merge with a partner of equivalent or even larger size than ourselves."



The Quay marketing team

### → Quay in figures:

**Established:** 1992

**Head Office:** 22 rue Karpia – Poznan

**Turnover in 2009:** 7,823,960 euros

**Number of product references stocked:** 19 300

**Number of active clients:** 6000

**Principal shareholder:**

Wojciech and Zbigniew Przybylski

**President:** Wojciech Przybylski

**Sales outlets:** 11 throughout Poland

**Personnel:** 80 employees

## in situ

# Experts & Tools

At your service  
for more  
performance



**Experienced and well equipped Bearing Experts at your side to scale new heights.**

**Our custom-made offer:**

- tools and products to maintain your bearings
- theoretical and practical training on bearings and their maintenance
- technical assistance in mounting and extracting bearings
- renovation of bearings and machine tool spindles.
- expertise in damaged bearings and lubrication
- vibration analysis of rotating machinery
- rental of special tools
- maintenance audit of your organisation

Find Experts & Tools on our site at [www.ntn-snr.com/services](http://www.ntn-snr.com/services)  
And through [expertsandtools@ntn-snr.com](mailto:expertsandtools@ntn-snr.com)



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