



## Interview

# A LONG TERM PARTNERSHIP IS BETTER THAN THE COMMERCIAL VALUE OF A DEAL

**RĂZVAN SZILAGYI**, Deputy CEO, AIC Trucks

**R**ăzvan Szilagyi joined AIC TRUCKS as a Deputy General Manager, starting in September 2023. He took over the responsibility of the commercial activities as well as some strategic projects closely related to the development of the company. AIC Trucks aims to develop an ecosystem that offers equipment and related complete set of services to companies in the transport, construction and specialized municipal services industries.

Răzvan has 20 years of experience in financial services in areas such as Capital Markets and Investments. He worked most of the time directly with clients, both Corporate and Retail. He made an essential contribution to promoting financial education in Romania, being part of the Boards of relevant professional organisations (e.g. CFA Romania, Association of Fund Managers). Răzvan is an expert in Corporate Governance, having both experience as a board member and an academic background, following specialized studies at Henley Business School.

**1** AIC Trucks and AIC Service Network aims to achieve a combined turnover of 101 million EUR in 2023, similar to the one achieved in 2022. AIC Trucks, the importer part of the group, foresees a standalone turnover of 88 Million Eur this year. What are the underlying reasons for this evolution?

AIC Trucks sustained its leading position in both construction and specialized truck segments. In the tractor heads segment, Ford Trucks is a brand that is in a growing phase; we plan to increase the market share in the next period. Even if the overall market grew significantly in 2023, most of the growth came from the tractor heads segment. As a result, the product mix could have been more favourable to our business. As a positive contribution, we mention the development of our Financial Services and After Sales divisions. This aligns with our strategic plan to develop an ecosystem based on the following pillars: distribution, service network and financial services.

**2** Your company has expanded its brand portfolio by adding Otokar and Piaggio. What prompted this decision, and how does it fit into AIC Trucks overall business strategy?

We aim to “share the load” with our clients in their transportation business. Otokar and Piaggio are both very synergic to our commercial operations, with Otokar, we are now able to offer also medium size vehicles (12-18 GVW). In addition, we are adding a full lineup of buses with a complete selection of power units: internal combustion, Electric, CNG, LNG and soon Hydrogen. This is a part of our contribution to increasing the

sustainability in the World of Transport. With Piaggio, we are entering the light segment of the market (1.8-3.5 GVW), offering a top-of-the-industry net payload (Up to 1.6T) of a < 3.5 GVW Ton “Mini City Truck”.

**3. AIC Trucks and AIC Service Network invested more than 4 Million Eur in 2023. Can you elaborate on how this investment has been utilized, and what specific areas or aspects of the business will you focus on?**

We have big plans, and these require investments. This year, 65% of this amount was invested in the network expansion. We are implementing new locations in Arad and Constanta, and we have completed a major refit of our locations in Deva and Galati. We will continue this volume of investments in the network in 2024 with a significant refit and capacity increase in both Ploiesti and Brasov locations. Additional investments have been used to finance the growth in the used vehicles division and the new Otokar and Piaggio activities.

**4. AIC Trucks has experience with municipal vehicle auctions. How do you foresee this experience benefiting the company’s expansion, especially in dealing with government contracts?**

We are the leading company in the Municipal vehicles segment thanks to a robust and competitive product. Our Government contracts exposure is minimal, as we supply vehicles to private operators that participate in auctions for public services. We plan to expand and capitalize on this leading position in the years to come, being backed by our unique selling points: excellent products and service supported by very competitive prices.

**5. Sustainability is increasingly crucial in the automotive industry. How does AIC Trucks plan to align with sustainability goals, and what role does innovation play in your business strategy?**

There are two directions that we follow: things that we can improve about ourselves and our contribution to the market transformation. Inward-looking, we are working on developing our corporate governance improving and

digitalizing the distribution process. We have become an ecosystem that goes beyond distribution and service networks. We support our clients to finance their acquisitions; we train the truck drivers to improve their skills, which leads to reduced fuel costs and carbon footprint. I see two main innovation vectors in our sector: the migration from the internal combustion engine to electrical/hydrogen power sources and the development of autonomous driving. We are closely monitoring this evolution and thinking about ways to transform it into practical solutions for our partners. I think that we are not there yet, but we hope to find solutions soon. Once found, we will take all the necessary steps to integrate them in our business model.

**6. Ford Trucks is a significant part of the business. Can you provide insights into the performance and outlook of Ford Trucks in the local market?**

Ford Trucks is the core brand of our business. We now have a mature product, well recognized by the market, and we trust that we will be able to maintain our development pace. We expect to maintain our market share in both Construction and Specialised Vehicles segments, where we are a leading brand. We plan to increase our market share in tractor heads, where the performance of our F-Max trucks recommends us as a competitive player. We have a very good product, and the price-quality ratio is also excellent. In the medium term, our aim is to reach a market share of 13-15% from the current 9% market share, based on a more balanced product mix (increased share of tractor heads).

**7. How can you contribute to financing the new trucks by your clients, considering higher interest rates worldwide?**

Developing the Financial Services division is of strategic importance for us, as financing the acquisition is essential for our customers. We currently offer the following financial services: financial brokerage services for leasing, short/medium-term rental and payment in instalments (3-9 months). We are working on expanding this by offering a fully fledged leasing operations. Financial services will play a significant role in our group operations in the medium term. The market expectation is that the interest rates will remain high for some time,



*Improving ourselves and contributing to the market transformation are guiding principles of our strategy.*



*We are a customer oriented organisation and the core of whatever we do is to deliver at or above our customer's expectations.*

resulting in an increased financial cost for our customers. Even if this is beyond our control, we can support our clients by properly structuring the acquisition process. Finding the best leasing offers in the market, trade-in options, and payment in instalments or rentals are all custom solutions already provided to our customers.

**8. With the PNRR presenting significant opportunities, particularly in infrastructure projects, how do you foresee the demand for trucks in this sector and what are your expectations for your company's involvement?**

I have to say that the development of the Construction segment is below our original expectations. I still believe that the potential is enormous, as there is a strong need for a developed infrastructure. Still, we are committed to supporting our customers, and we are ready to do it throughout the whole of our ecosystem, as mentioned above. From a business perspective, we are adjusting our 2024 budget targets accordingly, while the focus will remain on tractor heads.

**9. How is AIC Trucks integrating technological advancements, such as connectivity and intelligent features, into its vehicles to meet the evolving demands of the market?**

I believe that trucks, like all the other products in the automotive industry, have a digital component that is at least as important as the mechanical one. And this digital component will continue to grow through electrification and autonomous driving. The transition has already started. Digitalized trucks are now mobile extensions of our customer's digital ERP platforms. For FordTrucks owners, we are offering complete connectivity services both at the truck level (via ConnectTruck) and at the fleet management level (via Targa/Viasat platform). They are both offered free of charge to our customers, as we want to be partners and supporters in this transition. Within these two monitoring systems, the clients can have a live and clear situation of their trucks; they can improve efficiency and have constant operation data of their fleet. This data is a source for constant improvement, as we offer full training for the drivers in order to understand the possibility of efficient driving.

**10. In leading AIC Trucks amid these dynamic times, what are the most crucial skills a leader needs to possess to ensure success?**

We are living in a complex environment (VUCA), and many megatrends are affecting our industry (regulations, EVs, autonomous driving, Transport as a Service, workforce). I think that good leaders must make sure that the team is performing well at all levels: strategy, execution/process, and compliance with both written and social norms. The ability to adapt and to react promptly to all these "change" vectors relies on the ability of the leader to engage the relevant stakeholders while maintaining customer centrality.

**11. Looking ahead, what is the long-term vision for AIC Trucks, and how do you envision the company's role in the rapidly evolving business landscape?**

We will undoubtedly continue to remain a very customer-oriented organization and always put all our efforts into continuing to deliver in line with our customer expectations. The success of our customer ultimately determine our success, and we are very aware of this. We are expanding and strengthening our management team in order to increase agility and support strategy delivery - an integrated ecosystem of services for our customers. I refer to a 360-degree set of services for them: sales of synergic ranges of commercial vehicles, extended service network, financial services, trade-ins and a complete platform of support for our customers during their entire experience with us.

**12. What is your main message to your clients and partners regarding challenges and opportunities for the short and medium term?**

"It does not matter who stands against you, but who stands beside you". There are many challenges ahead that are affecting the economy and our industry. We strongly believe that we need to act as partners of our customers in order to maximize the synergies between our business models and make sure we continue to add real value to each other business. A good partnership overpasses the commercial value of a transaction. And above all, we are here to "Share the load".