



# Bontempi VIBO SpA

## Raoul Bontempi, CEO

To sum up 2023 in a few words, we can say it was a year of lights and shadows. After two extraordinary years marked by what we have called the 'perfect storm' (major increases in steel, rising sea freight costs, lack of stockpiled material and energy shocks), the reference market reacted with conspicuous bulk orders in markets that had not been touched by these unpredictable events.

**T**he result was that at the turn of the last quarter of 2022 and the first quarter of 2023, the European distribution market found itself in a situation of a generalised surplus of stock, purchased at very high prices, facing a demand that was beginning to mark sharp setbacks (especially on the German market) and a steel price that had begun to drop precipitously.

The result of this situation, which had the greatest effects in the second half of 2023, was a drastic decline in demand across the board, a lack of visibility into the medium term and a consequent reduction in business on day-to-day requirements.

These effects, combined with the restrictive monetary policy applied by the ECB, and geo-political instability caused by the ongoing wars, will also reverberate in the early months of 2024 – making the European economic recovery, which we all hope for, slower and more distant.

### Opportunities and challenges in 2024

I cannot predict, as of now, when and under what terms we will see the market restart, but I expect a situation for that period similar to what has been experienced in early 2021, namely very low inventories and very compressed selling prices. I hope that the buyers in the European fastener industry will have treasured the inefficiencies and difficulties experienced back then and will be able to plan now for the activities and partnerships to be achieved, so as to be more responsive when the market starts to grow again. On the other hand, I firmly believe that, as long as there is a mechanical industry in Europe, there will always be the need for reliable and durable European partners able to meet the increasingly complex needs of global bolting distribution.

I also expect two major topics to impact our market – sustainability and the Carbon Border Adjustment Mechanism (CBAM) regulation. Sustainability is now a topic on every CEO's desk, in whatever industry they operate. Even the fastener world, always conservative with respect to change, has realised that this will be a challenging and winning topic for years to come. The change of gear that the future of our planet, and the new generations, impose on us will, in my opinion, also be a winner on the global competitiveness of our companies – because consumption, waste reduction and carbon neutrality will not just be legislative dictates to comply with or excellent marketing levers to acquire new customers, but will become barriers to entry into markets; to access financing; and to acquire talents in every field and for every business activity.

The CBAM regulation, an essential element of the European Green Deal, will make it possible to make sense of the policies that are set to enable the achievement of climate neutrality by 2050. Indeed, it is difficult to conceive of a project to reduce greenhouse gas emissions within the European Union, which, as everyone knows, generates only 6.8% of them globally, without considering the continuous increase of these emissions outside its borders for the production of goods to be used later in Europe.



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### Technology drivers for the future

It is undeniable that sustainability will affect the technology behind all our production processes. All the important investments made by Bontempi VIBO in recent years, and that we have planned for the future, have as their guidelines the self-production of energy from renewable sources; the recovery of heat that comes from our industrial activities and its use with a view to saving money and respecting the surrounding environment; and, last but not least, the internal regeneration of oils and lubricants used in production processes – with the consequent reduction of waste produced.

Automation and development from an industrial perspective of all the phases of our production processes are also a must for those who, like us, are entering sectors with global competitiveness.

We also look with interest at the research activities that are being developed regarding the possibilities of integrating new technologies within our products. I am thinking, among others, of sensor technology combined with fasteners, Artificial Intelligence, and the development of systems designed to shorten the supply chain upstream and downstream of our production process. +