

# Life in Motion

YOUR HEPACO NEWSLETTER

Christmas  
2022

## CHAIRMAN'S END OF YEAR MESSAGE

With Brexit and Covid now somewhat behind us, one might have been forgiven for hoping that some global economic stability might be on the cards this year, but unfortunately, it didn't quite happen that way.

Instead, the ongoing war between Russia and Ukraine has driven up energy prices and exacerbated the cost-of-living crisis, at a time when record inflation is squeezing household incomes around the world.

Despite the geopolitical uncertainty, it was an absolute pleasure to resume meeting face-to-face with our colleagues from around the Company for the first time since the start of the pandemic.



Our European Sales Teams visit Tiverton for in-person sales meetings



Sales Engineers visit Tiverton for latest GFX product training

Businesses around the world were kept afloat during the lockdowns of the past two years through online video meeting software, and while we are incredibly grateful for these platforms, there is no substitute for shaking hands and breaking bread.

With Covid restrictions now over in Europe, in-person meetings have resumed and the 'old normal' seems to be back. That in itself is a cause for celebration, and long may it continue.

Hepco has done well this year, although, it has been a very challenging one.



Giles Forster - Chairman

The cost of living crisis has reduced all of our incomes, and Hepco is no exception. Price inflation across all areas of the business has had a profound effect on our bottom line, therefore saving energy and being economical is something we should all be thinking about. Small changes can make a big difference.

The after-effects of Covid still linger, and although the number of infections is much reduced, it is important to remember that people are still catching the virus and some are becoming very ill from it.

Poor supplier performance also caused us headaches. Material and component lead times have increased and on-time delivery deteriorated. The effect of late delivery is felt by our customers but without the parts to produce and sell our products, Hepco has also suffered.



Anuga FoodTec 2022

But, in spite of these ongoing challenges, order intake remained strong this year and good levels of growth were generated by our Sales and Marketing Teams. The return of exhibitions was very welcome and enabled our Sales Engineers to meet and greet customers again, and discuss applications.



Many customers remain reticent to having in-person visits, so exhibitions are even more valuable as a way to find new business. People who attend exhibitions now tend to come with an application in mind and be more serious about placing business. Pure window shopping is less popular now, and in many ways, this is a positive change.

Our Sales and Marketing teams organised and attended a total of 21 exhibitions this year, which is a record number for Hepco, and we worked incredibly hard to manage and coordinate a very busy but successful schedule.



All4Pack 2022



DAMEX 2022

In 2022, turnover has increased by 8%, not quite what we forecast but still impressive, especially when compared to the very high growth we saw last year.

Looking at the individual performances of our Branch sales markets, Germany, (our leading market by value) grew by 9%, after an incredible performance in the previous year. The UK market was up by 10%, with consistent growth all year, and despite significant personnel changes within the sales team. In France, we grew by 6%, with several high-value orders still pending. Benelux finished down by 3%, but with two sales areas in this market long being vacant, it was always going to be challenging to repeat the growth seen last year. Our Spanish branch was down by 2%, but perhaps due to some large orders in the pipeline taking longer to materialise. The stand-out performance, was by Hepco-Korea, who recorded an incredible growth figure of 77%. Very well deserved after two difficult years of trading due to the pandemic.

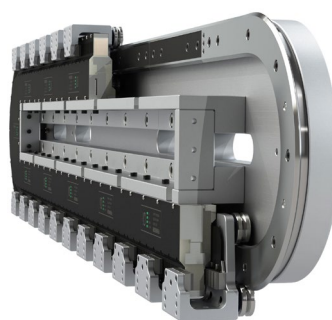
We move into the New Year with record levels of pending orders, many good prospects, and the expectation that several high-value applications will materialise.

Hepco now supplies some of the largest and most well-known companies in the world, providing them with critical elements of their production infrastructure, enabling them to manufacture products in volume.

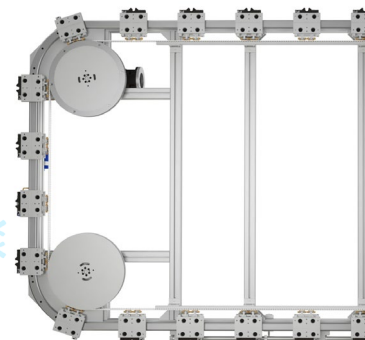


These large-scale orders help to drive the growth of Hepco and quite rightly catch our attention. It is however important to remember the regular, small and medium-sized orders that don't make the headlines but keep the factories ticking over. They are the lifeblood of our business.

One key driver of growth has been the Electric Vehicle (EV) battery industry, which represents great potential for Hepco. As mass production of internal combustion engines is gradually phased out, manufacturing enough batteries to fulfil the global demand for electric vehicles has become a necessity. EV batteries are manufactured in incredibly demanding environments, on production lines requiring high levels of throughput, and with precise positioning.



Hepco's GFX guidance system for Beckhoff's XTS



Hepco's rectangular DTS

Our V Guide-based products such as DTS, GFX and GV3 thrive in exactly these conditions and their benefits enable customers to achieve the required levels of output to meet growing demand.



EV batteries on production line

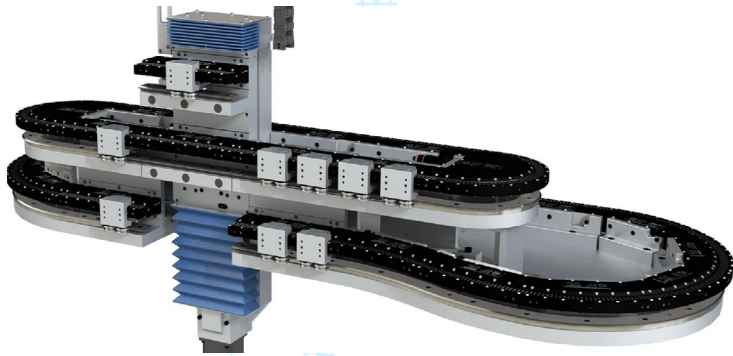
We have built up a good reputation within the EV battery industry for our high quality, precision and durability, so it is no coincidence that we have recently won several high-value applications to supply some of the largest global producers.

For example, Chinese conglomerate, BYD with hundreds of PRT2 track systems for their new 'Blade' battery production lines, SK-ON from Korea with many kilometers of GV3 track for their production plants throughout Europe and the United States, and Norwegian, Freyr, with dozens of PRT2 track systems that are built into Festo's MCS transport system.

There are numerous other prospects currently within our sales pipeline, many of which are related to GFX, the track guidance system we supply in conjunction with Beckhoff's XTS circuit linear motor system. Some of them have the potential to become really big.

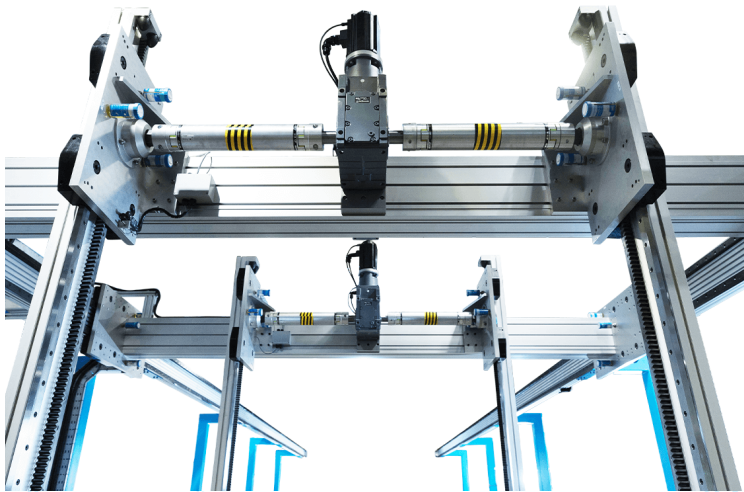


Recently we have seen more and more complex shaped GFX/XTS systems applied to large-scale automated production applications, often using switching technology (Track Management System - TMS) that allows customers to divert movers onto an adjacent track, allowing for additional processing, planned maintenance or inspection of the product to take place.



*Hepco's GFX Track Management System (TMS)*

TMS is just one of several GFX product developments our R&D team has been working on in conjunction with Beckhoff, in order to maximize the potential of this product, stay ahead of the competition and meet the needs of an expanding market.



*HGS Gantry*

Another key R&D development has been to formalise our HDS2 Gantry System offering, which includes many design upgrades, a new catalogue and an industry-leading product configurator, capable of outputting technical specifications, prices and CAD models. We have supplied gantry systems from our Heavy Duty range to customers all over the world for many years, but this latest development brings together the product into a complete turn-key offering, with the necessary componentry. It will soon be available with drives, controls and programming, provided by Hepco-Automation.

Our manufacturing teams across all sites were kept incredibly busy this year, keeping up with demand and fulfilling orders. At times, they jumped through hoops in order to satisfy large customer requirements, often needed on short lead-times, and just as we are running low on stocks. Our ability to be flexible and creative means that we can satisfy customers, prevent them from sourcing from the competition and retain valuable market share.

In 2022, the Company committed to some £8.1m of investments across all sites at Tiverton, BPC and Veghel, with more set aside for next year if the market conditions are right. These are unprecedented levels of investment, but necessary in order to support growth, and as some areas of production became strained due to levels of busyness.

Hepco has expanded considerably over the years, and factory floor space has become uncomfortably tight in many areas, leaving little room for new equipment we might need in the future.



*Delivery of Hurco 84 CNC Milling Machine for Tiverton Factory*

In January of this year, an arson attack on the R&M Wholesale building located within the Lowman Units opposite the Tiverton factory, completely gutted it and required it to be demolished. Thankfully, and despite there being substantial damage, no one was killed or injured.

We saw an opportunity to purchase land situated in a prime location from Hepco's perspective, so we made an offer that was accepted. During the next 12 months or so, building work will begin on a new factory, on the same footprint, but to our interior specifications. Crucially, it will give us much-needed room to grow, some 14,200 square feet, or 20% of extra factory space for the Tiverton site.



*Satellite view of Tiverton site including new Hepco land*

At BPC, the team has been extremely busy manufacturing the huge range of bearings that we offer, and the hundreds of thousands of individual components that go into them. We have seen an increase in demand for bearings, and manufacturing them has sometimes been a challenge. Machine downtime and skills shortages took their toll on output, but despite this, BPC still managed to achieve a record level of turnover in 2022, and they will benefit greatly from new machine investments made and automation projects undertaken this year.



We have exactly the same factory space constraints as we do in Tiverton, so when the building situated next door to BPC became available in January, we took the opportunity to lease it. From our perspective, the new T-Unit building is ideally located for growth and logistics, with the ground floor area equating to an additional 30% of extra room on top of the existing site.

Over the past few months, the BPC team has been incredibly busy, not just keeping up with bearing orders, but also managing an electrical upgrade for the new factory, and moving machines over to the new building in time for production to begin.

Once complete, the move will be well worth the strain, providing us with enough room to expand our operations at BPC over the long-term.

One business critical area of the Company is IT. In order to enhance security, support growth, efficiency and ultimately sales, we have started the process of upgrading our systems to Microsoft 365. This is a cloud-based system that includes far more functionality than the current Microsoft Office application used by most of the business.

Cloud-based IT software has been adopted across all businesses in recent years, and we intend to embrace and utilise what is now mature and trusted technology.

Microsoft 365 will enhance the security of Hepco's IT systems, providing us with tighter controls, and improved visibility whilst reducing risk. It will enable us to migrate communications such as email, the phone system and video conferencing onto one single platform, and modernise reporting across the group.

In September of this year, Exeter College and Hepco launched the HepcoMotion T-Level Academy, the first of its kind in the UK. Focussing initially on manufacturing, the academy is a Hepco-designed training programme intended to strengthen our recruitment pipeline in order to meet our future needs.

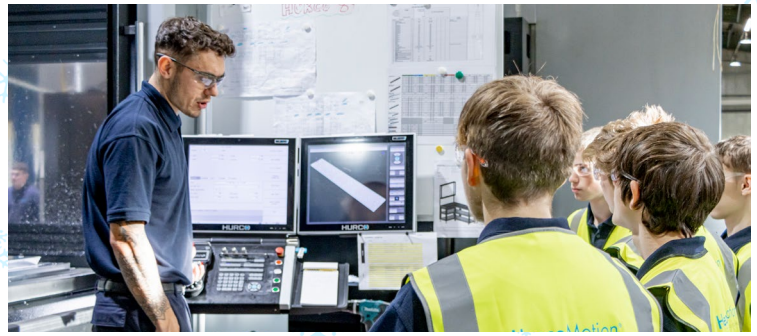
After leaving school at 16, students are put through a 2-year training course at Exeter College after which they are qualified to the new T-levels, which is essentially the old BTEC qualification. The course consists of 40 days of industry placement, specialist mentors, site visits and specially selected sessions delivered at Hepco and at the College over the two years.



*Our T-Level Academy students*

From Hepco's perspective, the Academy represents an excellent opportunity to help safeguard the future recruitment needs of the Company. The students are

trained to a curriculum designed by us that covers the skills we need, our culture and our values. At the end of the 2-year programme, we choose a percentage of the students who will then formally start an apprenticeship with the Company. This a fantastic example of education and industry working together.



*T-Level Academy students have tour of Tiverton factory*

We have 11 students enrolled in the Hepco Academy, who at 16 years old, now have a clear vision of the next 2-4 years into the industry. We wish them the best of luck with their T-Level studies and hope to see them soon on the HepcoMotion apprenticeship programme.



*T-Level Academy students have tour of Tiverton factory*

Next year is likely to be a challenging one for Hepco due to the well-documented economic slowdown, but Hepco has a global reach with a diverse product range. Whilst we are likely to feel the effects of any difficult trading conditions, it is important to remember that Hepco is a strong, diverse company, and we are not necessarily exposed to any one particular geographical or industrial market.

There could well be a softening of demand in some areas, but at the same time, large potential projects could come to fruition next year. The scale of these projects means they will put us under pressure, but we are already making preparations to increase capacity and cover where we need it.

Over the past two years, we have demonstrated just how resilient we are as a team. We have survived adversity and indeed thrived through the toughest of climates.

On behalf of the Board of Directors, I would like to thank every single member of the Hepco & BPC teams around the world for your incredible efforts and dedication and for making 2022 a success.

***I wish you all a peaceful Christmas with family, friends and loved ones, and I look forward to seeing you again in 2023.***

**Giles Forster - Chairman**



# LONG SERVICE AWARDS

We are very proud of all our long serving employees. Congratulations to you all!

30 years



Alan Cox  
Production Planning  
and Schedule Prime  
Tiverton



Fiona Mills  
Credit Controller  
Tiverton



Jamie Land  
Ring Cell Machinist  
Tiverton



Andrew Chapple  
Int. Sales Engineer  
Tiverton



Alec Dick  
Int. Sales Manager  
Tiverton

Not pictured: Christopher Peters, Senior Inspector – Quality (30 years)

10 years



Stefan Kaufmann  
Sales Engineer  
Germany



Matthew Tolly  
Cell Machinist  
Tiverton



Daniel Mortimer-Jones  
Design Technician  
Tiverton



Tim Page-Brown  
GFX Technical Manager  
Tiverton

Not pictured: Stephen Butt, Inspector/Wrapper – Quality

## RETIREMENTS AND NEW ROLES

Following Kelvin Peard's recent retirement, Ryan Berry has taken the leadership role of Environment, Health & Safety as part of his capacity as Engineering Manager.

Gillian Jones, our new Sales & Logistics Manager is pictured. Congratulations to Gillian in her new role.

A long and happy retirement also goes to John Boldock, UK Sales Engineer, who is retiring at the end of the year.



Kelvin Peard



Ryan Berry



Gillian Jones



John Boldock



# WELCOME TO OUR NEW STARTERS

## August to December 2022

### TIVERTON



Anastasia Ankers  
Admin Assistant



Samuel Iden  
Appl. Engineer



Damon Palfrey  
Cell Machinist



Lewis Earnshaw  
Appl. Engineer



Simon Hemingway  
Planner



Ruslan Bodnarchuk  
Cell Machinist



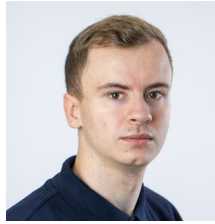
Harvey Lawson  
Adv. Apprentice



Kai Davis  
Adv. Apprentice



Matthew Pike  
Adv. Apprentice



Joseph Atkinson  
Adv. Apprentice



David Cleeve  
Sales Co-ordinator



Kayley Geen  
Payroll Administrator



Richard Barlow  
Sales Engineer



Danny Bailey  
Sales Engineer



Jamie Milsom  
Design Engineer



Mia Pilton  
Marketing Apprentice

A big welcome also to Adam Galpin, who joined Hepco in Tiverton as a Cell Machinist.

### BRAINTREE PRECISION COMPONENTS



Elliot Cronin  
Apprentice



Dior St Juste  
Apprentice



Zac Lord  
Apprentice



Tia-Ellise Parry  
Apprentice



Waldemar Delekt  
Setter/Operator



Dianne van der Aa  
Sales Assistant

### BENELUX

### HEPCO KOREA



Byeong-Mu Kim  
Factory Operative



Do-Yeon Won  
Factory Operative



Roman Hanke  
Sales Engineer



Trung Bui  
Sales Engineer



Helena Schaffrath  
Admin Assistant



Nick De Lentdecker  
Sales Engineer

### HEPCO GERMANY

**Do you have a story for life in motion?**  
Send your photos and stories to [lifeinmotion@hepcotion.com](mailto:lifeinmotion@hepcotion.com)



# IN AND OUT OF THE OFFICE

## ADAM WINS ENGINEERING APPRENTICE FINAL YEAR AWARD

Congratulations to Adam Hearn (pictured left), apprentice at BPC for winning the Engineering Apprentice Final Year Award at Make UK's Regional Finals. The award recognises Adam's development as an apprentice, where he has advanced to managing teams and the installation of substantial investment projects.

Joshua Richardson (pictured right), 2nd year Level 4 Apprentice also at BPC, entered the Rising Star category at the same ceremony but narrowly missed out on an award. He worked extremely hard on his application and is looking forward to entering again next year.



## HAPPY BIRTHDAY HEPKO EUROPE

Hepco Europe in Veghel recently celebrated their first birthday. So much has happened in the last 12 months - a big well done and thank you to all who have been involved.



## CHRISTMAS SPIRIT

Adam Curtis, BPC, has been taking part in sleigh collections around his local city of Colchester. The aim is to raise £10,000 for local charities and causes. Well done, Adam!



## SOCIAL AND CHARITY COMMITTEE

The Tiverton HQ Team had a spook-tacular time at a Halloween bingo night in October. A Christmas Quiz and Games night was also held in early December.

£1,000 has been raised by staff for charitable events this year.

For suggestions and ideas for future events, or charities you would like supported, please speak to a member of the committee, or email [Social.Charity@hepcotion.com](mailto:Social.Charity@hepcotion.com).



Committee members include Ryan Moon, Jenny Spence, Daisy Ng, Tanya Frost, Paul Mallinson, Julianne Barrass and Toby Cowan.



## CANCER RESEARCH UK

Following totalling of the huge amount of leads at exhibitions this year, and the Net Promotor Score (NPS) customer survey contacts, Hepco is proud to provide a larger than usual annual donation of £26,425 to Cancer Research UK who are committed to making discoveries that save countless lives worldwide.



CANCER  
RESEARCH  
UK



## CHRISTMAS DECORATION COMPETITION

A big well done to all of the departments for your festive decoration entries. And the winner goes to... **HR & Admin!**



HR & Admin



R&D



MCS



Final Inspection



Purchasing



Sales



Marketing

## WELCOME TO THE WORLD

Welcome to Benjamin Joseph, born to our Production Prime at BPC, Natalia Fiedor in October. Congratulations to Natalia and her husband, Jacek.



## WEDDING & ENGAGEMENT CONGRATS



### ANDI, DORIS & BABY LEONARD

Congratulations go to Andi Beck, Applications Engineer, at HepcoMotion Germany and Doris who married in September. Their son, Leonard, was born in March.

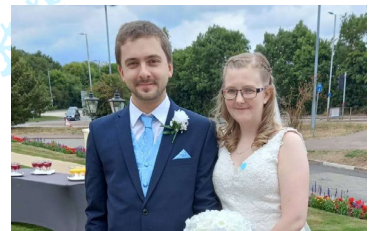
### WILLIAM & KERRI-ANN

William Lake-Moore, Cell Machinist in Job Shop at Tiverton HQ married his beautiful bride Kerri-Ann in September.



### JONNY & BETH

Congratulations go to Jonny Harrison, Production Controller at BPC, and Beth who married at Wylam Brewery, Newcastle, in August.



### LORETTA & JAMIE

Engagement congratulations to Loretta Colman in our Sales Office and her fiancée, Jamie, who have announced their engagement.



## TEMWA CARBON INITIATIVE

HepcoMotion is proud to be supporting Temwa's Carbon Balance programme which focuses on the reforestation of Malawi to reduce the impact of climate change. Temwa works with people in hard-to-reach rural areas of northern Malawi. They bring communities together to end poverty and build climate resilience.