



Automotive Sector in Romania Newsletter – October 2009

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For further details, please contact:
Jackie Bojor, Director of Business Development
FRD Center, Bucharest, Romania –
www.frdcenter.ro
tel: +4021 411 1460; fax: +4021 411 1461
e-mail: europa@frdcenter.ro

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Delphi opens its third factory in Romania

The automotive components manufacturer Delphi will open its third factory in Romania in October 2009, following an investment of 100 million EUR. The factory is located in Miroslava, Iasi county and it will manufacture injection systems for diesel engines.

Delphi has already hired 300 of the 1,000 employees set to work in the Iasi factory. The plant was built based on the increased demand of technology for less polluting diesel engines, as the introduction of pollution norms will be accelerated in the auto industry in the next years.

In 2008, the company's two factories in Romania (located in Ineu and Sannicolau Mare) recorded a cumulated turnover of over 150 million EUR.

Production of motor vehicles increased in June 2009

According to the National Institute of Statistics, the manufacturing of motor vehicles, trailers and semi-trailers in June 2009 increased by 10.5% compared to the previous month and by 13% compared to June 2008. Also, the prices for the manufacturing of motor vehicles, trailers and semi-trailers, increased by 1.0% in June 2009 compared to the previous month.

The new orders for the manufacturing of motor vehicles, trailers and semi-trailers in June 2009 increased by 8.5% compared to the corresponding month of the previous year



Michelin Romania may raise share capital

The majority shareholder of Michelin Romania, Compagnie Financiere Michelin, part of the French tire producer Michelin Group, might hike the share capital of the Romanian company by 510 million RON to around 950 million RON, by cash contribution.

The shareholders will discuss the issue on 16 October 2009, according to an announcement of Michelin Romania.

The French Michelin Group has been operating in Romania since 2001 and currently owns three factories: Victoria Floresti (producer of tires for cars and vans), Silvania Zalau (producer of truck and industrial tires), and RomSteel Cord (producer of metallic cord).

Ford starts production in Romania

Ford launched its first vehicle produced in Romania, the Transit Connect model, in September 2009. A new model will be launched in 2010, most probably the future B - Max.

According to the Ford representatives, the plant in Craiova (Dolj county) might become one of the most important production units of the US company in Europe. Ford plans to produce in Craiova 300,000 vehicles and 300,000 engines per year by 2012, which will generate revenues worth over 4 billion EUR.

In order to develop the activity in Craiova, Ford loaned 300 million EUR from the European Investment Bank, the loan being guaranteed by the Romanian State.

Dacia contribution to Romania's exports doubles in one year

In the first half of 2009, the car producer Automobile Dacia (owned by the Renault Group) doubled its share in the Romania's exports, compared to the similar period of the previous year, from 4.3% to 8.6%. This was recorded due to the sale increase of the company's low cost vehicles on the European markets.

Automobile Dacia exported 130,668 vehicles in the first half of 2009, amounting to 1.17 billion EUR, considering an average vehicle price of 9,000 EUR. Compared to the overall volume of the exports in the economy, worth 13.56 billion EUR, Dacia accounts for 8.6% of the exports. At present, Dacia exports 85% of its production.

Since 1999, the Renault Group invested in Automobile Dacia some 1.5 billion EUR. Renault developed in Romania a complete line of the automotive industry, from design and engineering to production, marketing and post-sales services. The Dacia plant in Mioveni (Arges county) was completely restructured and modernized, the production capacities for vehicles, engines and gear boxes were expanded and the entire activity was reorganized in accordance with the Renault standards.



Dacia invested over 17 million EUR in environmental plans

Since 1999, when the plant was taken over by the Renault Group, the value of the investments in the environment protection made on the Mioveni industrial platform exceeded 17 million EUR.

According to the Automobile Dacia representatives, the company recorded significant performances as for the reduction of specific consumption per vehicle. The water consumption was cut by 97.22%, carbon dioxide emissions by 87%, electricity consumption by 86.57% and the quantity of dangerous waste by 72.28%. The measures aimed at the reducing of the impact on the environment also include the launch of some less polluting engine versions, such as Diesel and LPG ones. The investments in the environment protection field were implemented with the support of the Ministry of Environment

Romanian carmaker Dacia to launch new car models and produce 4x4 parts

The Romanian carmaker Dacia, part of the Renault Group, will extend its product line with at least two new car models and the Romanian plant will start the production of 4x4 parts to be used for the carmaker's future SUV.

According to Dacia representatives, there will be eight or nine cars developed on the Logan platform, also called the B0 platform, compared to the six cars developed at present (including the sports utility vehicle Dacia planned to be launched next year). The new models will be bigger and will target different market segments. The company does not plan to introduce a platform other than the B0 for Dacia cars in the near future.

According to Renault representatives, the carmaker's business model in Romania is successful and it will continue to invest as long as the Romanian plant stays competitive to plants in India, China and those in the European countries..

Romania to be included in top 10 European carmakers' ranking by 2012

According to the Romanian Association of Car Manufacturers and Importers, Romania has big chances to be included in the top 10 ranking of car-making European countries by 2012, when the Ford-owned plant in Craiova is scheduled to produce some 200,000 - 300,000 vehicles and Automobile Dacia to produce some 300,000 units.

Last year, Romania was on the 30th position at world level among the motor vehicle producing countries, with 245,308 motor vehicles, up by 1.5% compared to the previous year, according to the International Organization of Motor Vehicle Manufacturers.

Alcoa Fujikura relocates production from Czech Republic to Romania

The car wiring producer Alcoa Fujikura announced it will relocate a factory in the Czech Republic to Romania in the second half of this year.

Alcoa Fujikura began the transfer of its production to Romania in 2008, when it moved the production equipment to the factory in Nadab (Arad county). The factory in Arad assembles auto wirings for electric distribution systems for Ford, Audi and Volkswagen.

Alcoa has four facilities in Romania: two plants in Caransebes (Caras Severin county), one in Nadab (Arad county) and one in Beius (Bihor county), with a total of some 4,000 employees.

The company's local business was estimated at some 31 million EUR in 2008.

Bosch invests 30 million EUR in Romania

Bosch, one of the main suppliers of Automobile Dacia, has an investment program of 30 million EUR, which will be completed in 2010 and will create some 140 new jobs. Bosch owns an auto component plant in Blaj (Alba county), where a new production hall has been recently finalized.

Bosch supplies engine parts to Automobile Dacia. The company recorded in 2008 a turnover of 161 million EUR, a significant percentage being represented by the collaboration with Dacia.

As soon as the Euro 6 emission norms will be introduced over 2011 - 2012, Bosch might cooperate with Automobile Dacia for the supply of injection systems dedicated to the diesel engines.

Nera Auto launched production line for special vehicles

Nera Auto invested almost five million EUR in the new production line for special vehicles, which was launched in June 2009, at Popesti Leordeni (near Bucharest).

The centre covers an area of over 2,000 sqm and provides service and post-sale services for the entire range of own products, but also for the cars produced by other manufacturers.

The company manufactured in its production centre in Otopeni (near Bucharest) 145 fully transformed armoured vehicles for valuables transport in 2007, 240 units in 2008, and the number is expected to reach 310 units in 2009.

Registrations of new passenger vehicles dropped by 17.4% in H1

According to the National Institute of Statistics, the registrations of new passenger vehicles in Romania recorded 197,746 units in the first half of 2009, this representing a decrease by 17.4% compared to the similar period of the previous year.

The number of registrations of new freight transport vehicles dropped by 48% during January - June 2009 compared to the similar period of the previous year, reaching 26,308 units.

Also, the buses and minibuses category recorded a significant decrease of 79.2% compared to the first half of 2008.

Pirelli invests 150 million EUR in Romania

The Italian tyre maker Pirelli, which owns three factories in Romania, started an investment project of 150 million EUR, which will double the production capacity of its tyre manufacturing facility in Slatina (Olt county).

Pirelli announced it would receive a state aid of 28 million EUR for the new investment project, which will be collected in instalments over the next three years.

Pirelli's investment projects target only the tyre factory in Slatina, as the investments in the metallic cord factory and in the anti-pollution filter facility in Gorj have been finalised.

Pirelli has some 1,900 employees in its three factories, out of which about 1,350 employees are in charge with the tyre manufacturing.

TRW Automotive Safety Systems Romania hires for its Timisoara plant

TRW Automotive Safety Systems recently announced hiring for its production base in Timisoara .

TRW Automotive Safety Systems Romania, a subsidiary of the TRW American Group, has started its activity in Romania in 2004. At present, TRW Romania has over 2500 employees in 5 production sites: Timisoara, Resita, Lupeni, Oravita, Deta.

Currently the Timisoara location includes over 1700 employees and produces steering wheels and airbag modules.

Exports raised Rombat Bistrița sales by 37% in H1

According to company sources, the sales of car battery manufacturer Rombat Bistrița diamond rose by 37% in the first semester, in terms of the number of units delivered, as a result of increased exports.

Rombat exported 533,793 car batteries in the first six months, representing 65.6% of the total production of the company.

The company exports batteries to France, Spain, Portugal, Italy, Greece and the Republic of Moldova and is regional supplier for the Renault plants in Romania, Russia and Iran and for the production unit of the PSA Peugeot group from Slovakia.

Most batteries are exported to France, and the company targets to sell about 100,000 units this year.

For 2009, Rombat aims at increasing its sales for export, so they have a share of approximately 60% of total sales

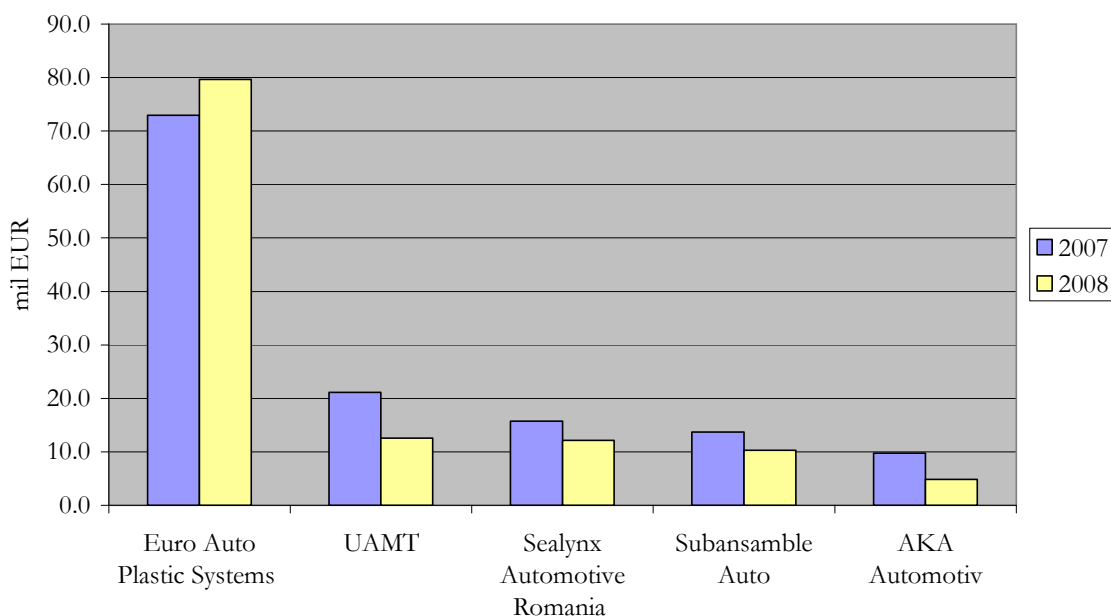
Turnover evolution of selected manufacturers of automotive components in Romania

The selected producers of automotive parts and components in Romania for the analysis of their turnover during the period 2007 – 2008 are presented below:

- **Euro Auto Plastic Systems** is owned by the French Group Faurecia (50%). The company produces trunk trims, sun visors, headliners, door water shields, door panels etc and uses the injection technology. Euro Auto Plastic Systems works for Dacia – Renault etc.
- **UAMT** is a Romanian company that produces sealing, engine encapsulations, sun visors, headliners, door water shields, door panels etc. The company use the injection technology. UAMT works for Renault International, Dacia - Renault, GM, Valeo, Faurecia.
- **Sealynx Automotive Romania** is part of the French Group Sealynx. The company produces air ducts, sealing, door water shields etc and uses the compression-forming, die-cutting, injection and extruding technologies. Sealynx Automotive Romania works for Dacia – Renault etc.
- **Subansamble Auto** is a Romanian company, part of GIC Group. The company produces sound grilles, air control components, door panels, radiator grilles, air ducts, plastic tanks, sound deadeners, pre-formed carpets etc. The company uses thermoforming, vacuum-forming, compression-forming, die-cutting technologies. Subansamble Auto works for Dacia – Renault etc.
- **AKA Automotiv** has Turkish capital and produces sealing, engine encapsulations, dashboards, trunk trims, sun visors, door water shields etc. The company uses the injection technology. AKA Automotiv works for Dacia - Renault, Peugeot, Citroen etc.

The turnover evolution of these relevant automotive producers during the period 2007 – 2008 is presented in the below chart.

Turnover evolution of relevant automotive producers during 2007 - 2008



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Jackie Bojor, Director of Business Development

FRD Center, Bucharest, Romania

www.frdcenter.ro

tel: +4021 411 1460; fax: +4021 411 1461

e-mail: europa@frdcenter.ro