



## Automotive Sector in Romania Newsletter - November 2007

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FRD Center offers business intelligence and market support for foreign companies interested to enter the Romanian and Bulgarian market as exporters, consultants, investors or joint-ventures, to relocate their manufacturing or to source in SE Europe.

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- partners and providers identification, selection and profiling
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- identification of market opportunities: sourcing, sales etc.
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FRD Center is the Global Intelligence Alliance Research Partner for Romania and a member of the Global Consulting Network-GCN.

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### **Faurecia Romania expands production capacities by 40%**

French company Faurecia intends to open a new production facility in the town of Victoria (Brasov county) and hopes to reach 1,000 employees by next year.

Faurecia Seating Talmaciu, a part of the French group Faurecia, one of the world's top ten suppliers of equipment for the automotive industry, intends to invest around 2.3 million euros by the beginning of next year, and expand production capacities by 40%.

The company intends to expand the production facility in Sibiu County, as well as to open a new facility in the town of Victoria, Brasov County. The Victoria-based facility will have a 700 square-metre area

According to the company representatives, the expansion will generate an approximately 50% personnel increase to around 1,000 employees.

### **Eckerle targets 6m-euro turnover**

Eckerle Romania, a subsidiary of the German group Eckerle-Gruppe, estimates a 5.8 million-euro turnover for this year, up 12% against 2006, when this indicator stood at approximately 5.2 million euros.

The company budgeted investments worth 350,000 euros for this year in expanding production capacities, as well for developing the volume of automation equipment.

The production of automation equipment started in September 2005, and last year this division posted a 500,000-euro turnover. The company's management estimates a 40% sales increase for automatic equipment sales, to 700,000 euros.

### **Michelin Romania stakes on a 30% share on tyre market by 2010**

Tyre maker Michelin Romania estimates that by the end of 2010 might reach a market share of over 30% in Romania, whereas the market on the whole will increase by more than 5% a year over the same period.

According to players in the market, the Romanian tyre market will start growing as of 2008, with an annual pace of 5-10% as an outcome of the development of the car fleet and imports of new cars. Year 2007 is a transition year, with the growth being by only a few percentage points higher than last year. The real growth will be registered over 2008-2010 as an outcome of the rise in Romanians' purchasing power, mirrored by the purchase of new cars and the replacement of old cars.

The domestic tyre market produces about 2 million units, of which 25% premium brands. Michelin's officials estimate that by 2010 the total market share of premium brands will reach 40%, being the segment with the biggest growth.

Michelin has three plants in Romania, of which two produce tyres - Victoria Floresti (south) and Silvana Zalau (north) - both taken over in 2001 from Tofan group. The third plant, Romsteel Cord Zalau is metal cord plant and a greenfield investment of the French group.

Last year, the three plants reported 260 million euros in turnover, up 30% as against the previous year, when it was of 200 million euros.

According to the company's estimates, Michelin holds a 20% share on the local market and along the six year of presence on the Romanian market it invested about 150 million euros.

## **SEWS automotive wiring maker earns 125 million euro turnover**

Sumitomo Electric Wiring System (SEWS) estimates about 125 million euros in turnover on the Romanian market this year, a 24% increase than last year.

The company invested around four million euros in equipment this year and about one million in training its personnel and in improving productivity.

According to the company reps, Romania is no longer attractive in terms of its unskilled manpower, but still attractive in terms of its highly educated specialists. In order to improve conditions on the workforce market, the company will consider several strategies, such as active recruitment, cooperating with subcontractors from other counties which have a surplus manpower, and examining the possibility of importing personnel from abroad, from countries such as India, China, Vietnam or Bangladesh.

SEWS, which has been operating on the Romanian market since 2000, has so far invested over 45 million euros in its production facilities in Alba Iulia, Deva and Orastie (all three of them in central Romania).

The company's production is entirely destined for export and clients include carmakers such as Honda, Toyota, Renault-Nissan, Ford, Mazda and Peugeot.

## **New automobiles market in Romania grows with 18% in 2007**

The market of new vehicles is expected to hit the 350,000-unit mark this year, up approximately 18% on last year following an accelerated renewal of cars and an increase in the level of imported vehicles.

According to market players, the automotive market in Romania has

developed in the context where we still have the lowest rate of car ownership out of the 27 EU countries.

Growth was also driven by a 22% increase in incomes, financing schemes available from financial institutions and importers' promotional campaigns

Unlike in Poland and Bulgaria, where sales of new cars were hurt by the booming imports of second-hand cars after the accession to the European Union, new car registrations in Romania increased by almost 20%, while imports of used cars witnessed declines by up to 6,000 units a month.

The renewal of Romania's automotive fleet was also aided by the scrapping bonus and the first registration tax, which was introduced earlier this year. The automotive market has therefore progressed from 135,305 units in 2003 to almost 350,000 vehicles this year, while Romania became the country with most new vehicle registrations per 1000 people in 2007. Players expect a moderate growth of 10% for the entire market in 2008, if fiscal and legislative conditions remain the same.

In turn, Automobile Dacia estimates sales of new vehicles will amount to 349,000 units (of which 315,000 cars and 34,000 utility vehicles) this year, concurring with APIA's estimates, an increase of 20% on last year. The carmaker announced it would continue its investment programme in 2008, with 150-160 million euros earmarked to boost production and exports to European markets. Dacia will account for a 30% share of all the vehicles sold this year, which it will maintain next year, as production of the Mioveni plant will increase to 320,000, 45% more units than this year, when total production is expected to reach 220,000 units. The Mioveni plant will reach a capacity of 400,000 cars in 2009, almost double the current level.

According to company sources, out of the total Dacia output in 2007, 55% will be exported, a percentage that will increase next year to 60-65% and eventually to 70% in 2009.

## **20% income increase for Goodyear Dunlop Tyres Romania**

Goodyear Dunlop Tires Romania, the domestic arm of the US tire manufacturer, saw net income increase by 20% in the first three quarters of the year, while sales advanced by 14%.

As a result, against this year's estimated growth rate, Goodyear's net income is expected to reach almost 5 million euros.

According to company reps, they generated a 20% increase in income due to a shift in product segments, while the product mix pushed income growth above turnover growth. As in 2006, they expect to maintain a 20% year-on-year growth rate.

The company registered turnover worth 34.8 million euros and income worth 4 million euros during the last financial year.

According to Goodyear representatives, the phenomenon related to the change in consumer preferences for cost-related segments gained momentum this year.

Thus, a large part of consumers, who previously bought budget-priced brands, switched to premium brands this year, skipping the medium-price segment.

Whereas the overall market is stagnating, the situation is different on product segments. Premium brands witnessed an average growth rate of 31% year-on-year, while the basic segment is declining because there are less older vehicles on the roads.

Goodyear Dunlop Romania only deals with imports and sales on the domestic market, while its main competitors, Michelin, Continental and Pirelli own production facilities in Romania.

## **Dacia starts hiring after 11,000 layoffs since privatisation**

Automobile Dacia, the Romanian carmaker with turnover forecast above 2bn euros this year, will recruit 600 individuals by the end of next year, with the majority of the new employees to be involved in plant activities.

The recruitment programme, which was initiated by representatives of Logan carmaker earlier this year, comes after the French group had cut around 11,000 positions at the plant in Mioveni, as stipulated in the privatisation contract.

The recruitment programme was started because of the growing need for personnel at the Mioveni plant, after production increased and Dacia set a target of 350,000 units for the end of next year.

According to the representatives, the need for an additional workforce emerged after the Logan project was launched, when layoffs at the plant were also halted.

At the end of last year, the carmaker employed around 11,833 individuals at the Mioveni plant, while the number has increased constantly this year after investments in expansion were finalised. At present, Automobile Dacia has 13,300 employees.

In parallel with the recruitment programme at Automobile Dacia, Renault is also carrying out a similar programme for Renault Technologie Roumanie, the engineering centre that will be located near Titu.

The company already employs 670 engineers, but the number is expected to rise to 3,000.

## **18 million-euro turnover for Inergy Automotive Systems**

Inergy Automotive Systems, the Belgian-French producer of car fuelling systems, which holds a production centre in Pitesti, posted an 18 million-euro turnover in 2006, up 50% against the results seen in the previous year.

The main reason for the results was the increase in the production capacities and in the sales of their client Dacia Renault both in Romania and abroad.

For this year the company reps estimate a 10% increase in the company's business.

In terms of investments, in 2007 Inergy will invest 2.2 million euros in building industrial facilities and in doubling the production. Last year Inergy's investment programme required 1.5 million euros.

## **Romanian tire sector gets more demand**

The Romanian tire market is estimated at 2 million units, of which 1.2 million units account for budget-priced tyres, 200,000 for medium and 400,000 units for premium. In the first nine months of the year, the sales volume reached 1.6 million tyres, and remained at the same level as last year.

If the used tire segment is included in calculations the Romanian tyre market would exceed 2.2 million units per year.

However, the trend shaping up on short term indicates that many premium tyre consumers will shift to the medium-price segment within two to three years, after a significant amount of cars, which are currently part of companies' car fleets, are sold to individuals as a result of buy-back processes.

According to Goodyear, the market changes are affected by a wave of new imported vehicles.

## **31% higher TO for Elba Timisoara**

Elba, the Timisoara-based lighting products manufacturer, has posted a turnover worth 21.6 million euros for the first six months of the year, an increase of 31% against the same period last year. The company's management estimates its turnover for the second half of the year will be similar to the first half's figures.

The management of the company has estimated a turnover growth rate of 12% for this year and expects to reach 40 million euros.

The company plans to conduct investments worth around 4.5 million euros this year in order to develop and modernise production facilities, with the projects being self-funded.

Elba is a provider of lighting systems to Dacia Pitesti.

## **Leoni Romania estimates a 14% higher income in 2007**

The local branch of the German group Leoni, which produces electrical and other types of wiring for the automotive industry, as well as home appliances, telecommunications products and mechanical systems, reported 86.4 million-euro turnover in 2006.

The company estimates a 14% increase in turnover for 2007, to approximately 98 million euros. According to company officials, the main factors that contributed to the rise of financial indicators last year, were the increase in the volume of orders, as well as the introduction of new models in production. The company's main clients are the car companies DaimlerChrysler and BMW.

German group Leoni owns two production centres in Romania, one in Arad and the other in Bistrita. The production centre in Arad spreads over an 8.5-hectars production surface area.

## **New Company Directories from FRD Center**

FRD Center Market Entry Services recently released the **Directory of Major Auto Components Manufacturers in Romania** which contains detailed profiles of the following companies:

1. **AKA**
2. **Alcoa Romania**
3. **Alkoa Fujikura**
4. **Altur**
5. **Auto Chassis International Romania**
6. **Auto General Motor**
7. **Autoflex**
8. **Autoliv Romania**
9. **Automobile Componente Electrice**
10. **Automotive Complete Systems**
11. **Autonova**
12. **Black River Chimplast**
13. **Borla Romcat**
14. **Bos Automotive Products**
15. **Brandl RO**
16. **Calsonic Kansei**
17. **Capirom**
18. **Caucho Metal Products**
19. **Coficab Eastern Europe**
20. **Coindu Romania**
21. **Compa**
22. **Componente Auto**
23. **Continental Automotive Products**
24. **Cortubi**
25. **Delphi Packard Romania**
26. **Dourdin**
27. **Dow Automotive**
28. **DPR Draxlmaier Procese de Productie**
29. **DRM Lisa Dralmaier Sisteme Electrice**
30. **DSR Draxlmaier Serviceleistungen Romania**
31. **DTR Lisa Draxlmaier Sisteme Technice**
32. **Dura Automotive**
33. **Eckerle Romania**
34. **EKR Elektrokontakt Romania – subsidiary of Nexans Autoelectric GmbH**

35. Elba
36. Electroaparataj
37. EMARC
38. ERT Group Automotive
39. Euro Auto Plastic Systems
40. Eybl Automotive Romania
41. FAPA
42. Faurecia Seating Talmaciu
43. Fermit
44. Ficamt
45. Freudenberg Flexible Frana
46. Grupul Industrial Componente (includes Comefin, Gic Nosag, Subansamble Auto, Borla Romcat)
47. Hella Electronics Romania
48. Hella Lighting Romania
49. Hidrojet
50. Honeywell Garrett
51. Ina Schaeffler
52. Inergy
53. Inginerie et Realisations Industrielles
54. Johnson Controls Romania
55. Key Safety Systems
56. Kromberg & Schubert Romania
57. Kuhnke Production Romania
58. Lear Corporation Romania
59. Leoni Wiring Systems
60. Lisa Draxlmeier
61. Magnetto Wheels
62. Mahle Componente de Motor
63. Marquardt Schalsysteme SCS
64. Matricon
65. Mecanica Codlea
66. Mecord
67. Mefin
68. Metzeler
69. MGI Coutier
70. Michellin Romsteel Cord
71. Michellin Silvania
72. Leoni Wiring Systems
73. Nexans Romania



74. Nova Modul
75. Parat Ro
76. Phoenix Romania
77. Pirelli Cord Romania
78. Pirelli Tyres Romania
79. Plastique Forme
80. Pulsor
81. Rolem
82. Rombat
83. Romradiatoare
84. Ronera Rubber
85. Ruwell Romania
86. Schlemmer Romania
87. Segula Integration
88. Setcar
89. Sews Romania
90. Siemens Vdo Automotive
91. Silmet Romania
92. Silmet Technology
93. SNR Rulmenti
94. Stabilus Romania
95. Star Transmission Cugir
96. Styria
97. Styria Arcuri
98. Takata Petri Romania
99. Takosan
100. Thyssen Krupp Billstein
101. Trelleborg Romania
102. TRW
103. Turdeana
104. Valeo Climate Control
105. Valeo Electrical Connective
106. Valeo Lighting
107. Valvetek
108. Vitoria Floresti
109. UAMT
110. Woco
111. Yazaki Component Technology

Demo directories are available from the [www.frdcenter.ro](http://www.frdcenter.ro) website at:  
<http://www.frdcenter.ro/English/directories.htm>

A sample profile in the **Directory of Major Auto Components Manufacturers in Romania** is that of

## Altur

### 1. General data

Company name: Altur SA  
 Address: Str. Pitesti 114, Slatina, Olt county  
 Phone: +40249 436030  
 Fax: +40249 436036  
 Web: [www.altursa.ro](http://www.altursa.ro)  
 E-mail: [marksales1@altursa.ro](mailto:marksales1@altursa.ro)  
 Year of establishment: 1979  
 Ownership: Mecanica Rotes (about 27.9%), Celule Electrice Bailesti (10.2%), Revan Com Galati (6.88%), Galgros Galati (1.86%), ING Asigurari de Viata (about 2%), Broker Cluj (1.54%)

### 2. Financial data

Year/Category	Turnover (mil. EUR)	Employees	Net profit (mil. EUR)
2006	27.6	1,511	-1.2
2005	19.4	1,583	-1.7
2004	21.0	1,492	0.4

Type of investment	already done	announced
Modernising of the production lines	About 5 million EUR (2001-2006)	
General		About 2 million EUR (2007)

Total assets (2006): 19.5 million EUR

### 3. Key persons

Name	Position	Phone	Email
Mr. Gheorghe Nitu Rizea	General Director	+40249 436030	<a href="mailto:marksales1@altursa.ro">marksales1@altursa.ro</a>
Mr. Viorel Mazilu	Production Director	+40249 436030	<a href="mailto:marksales1@altursa.ro">marksales1@altursa.ro</a>
Mr. Marin Cirstea	Economic Director	+40249 436030	<a href="mailto:marksales1@altursa.ro">marksales1@altursa.ro</a>
Mr. Valerica Taclit	Technical Director	+40249 436030	<a href="mailto:taclit@altursa.ro">taclit@altursa.ro</a>

#### **4. Brief profile**

Altur is a main producer of cast aluminium parts, pistons, engine sets and brake pumps. The company's products are used for passenger cars, tractors and auto trucks. Altur also manufactures parts for the electrical industry and heating systems. The company's domestic clients are Dacia Renault, Tractorul UTB, Roman Brasov, ARO Campulung. About 90% of Altur's sales are obtained as a result of the export activities and the company's representatives intend to increase this percentage. Altur exports its products in Germany, France, UK, the Netherlands, Austria, Iran, Syria, Egypt etc.

In the first semester of 2007 compared to the similar period of the previous year, the company's net losses doubled and reached the level of about 0.8 million EUR and the turnover increased by 2.8%. Altur estimates for 2007 a turnover increase by about 5%.

