

THE AUTOMOTIVE SECTOR IN ROMANIA

Q4 2011

1. DYNAMICS OF AUTOMOTIVE COMPONENTS MANUFACTURING IN ROMANIA

Continental to invest over 140 million EUR

Continental, the biggest German player on the Romanian market of auto components, intends to invest approx. 16 million EUR in order to expand the production capacity in Carei, approx. 71 million EUR to expand the tyre plant in Timisoara, approx. 35 million EUR to increase the production capacity in Sibiu and approx. 20 million EUR in order to open a factory of fuel pumps in Brasov. These investments will create some 1,500 new jobs.

At the national level, the Continental Group invested over 500 million EUR and has some 10,000 employees. Continental has in Romania eight production units and three research centers, located in Timisoara, Sibiu, Carei, Arad and Iasi. In 2010, the Group recorded in Romania a cumulated turnover of 1.1 billion EUR, up by 45% compared to 2009.

Rombat recorded turnover growth by 19.8% in first nine months of 2011

The Romanian producer of automotive batteries Rombat recorded a turnover of 52 million EUR in the first nine months of 2011, up by 19.8% compared to the similar period in 2010. Out of this amount, 33 million EUR represented exports, up by 33.9% compared to the same period of the 2010.

In the first nine months of 2011, the company produced over 1.5 million batteries, out of which over 900,000 batteries were made for export. Rombat will expand its distribution area to the South Africa and Middle East.

Currently, the company develops a project of 16 million EUR for expanding the production. The amount is equally covered by the company and the Romanian Government.

On the Romanian market, Rombat has a market share of 65% on the total market and 54 % on the after market segment.

Delphi opens new factory

Delphi Diesel Systems inaugurated a factory in Miroslava, Iasi county, following investments of 155 million EUR. The factory has over 2,000 employees. Delphi produces components for high precision diesel systems in Iasi.

According to the Delphi Group's representatives, the five main reasons which determined the Group to invest in Iasi rather than in other locations in Eastern Europe were:

- availability of trained workforce
- competitive salaries
- proximity to clients
- infrastructure and utilities
- support from authorities

Delphi has another three factories in Romania, located in the Western region of the country, which produce electric and electronic distribution systems.

Draxlmaier to invest 30 million EUR

The German Group Draxlmaier plans to invest 30 million EUR in order to expand the production capacity of its local factory in Satu Mare. Through this investment, Draxlmaier targets to expand the production of automotive electrical wiring. The investment will be carried out during the period 2012 - 2013 and will create some 1,000 jobs.

So far, the German Group invested some 26 million EUR in the factory in Satu Mare and created over 4,300 jobs. The Group's total investments in Romania reach some 200 million EUR since its entering the domestic market in 1993.

Honeywell considers new factory

The American Group Honeywell is considering building a brake pad factory near Ploiesti. This would be a factory fully equipped with the Hot Press latest technology. The new factory would allow the Group to operate closer to its clients' production facilities in Eastern Europe.

Honeywell has two factories in Romania: Honeywell Life Safety in Lugoj and Honeywell Turbo Technologies in Bucharest, with a total of some 1,500 employees.

Marquardt Schaltsysteme registered profit growth of 250% in 2010

Marquardt Schaltsysteme recorded in Romania in 2010 a turnover of 99.4 million EUR, up by approx. 62% compared to 2009 and a net profit of 8.8 million EUR, up by approx. 250% compared to the previous year.

Marquardt Schaltsysteme produces in Sibiu electronic and electromechanical systems for Daimler, Volkswagen, Audi, BMW or PSA. The biggest part of the production is exported.

Schaeffler recorded turnover growth of 30% in 2010

Schaeffler Romania recorded the turnover of 307 million EUR in 2010, up by approx. 30% compared to the previous year. In 2010, the company recorded a net profit of approx. three million EUR and 3,165 employees. In the first half of 2011, Schaeffler Romania hired over 250 persons in the bearings plant in Brasov.

Schaeffler Romania produces in Brasov large size bearings for various activity sectors. Almost the entire production is exported.

Leoni Wiring Systems doubled turnover in 2010

Leoni Wiring Systems, the subsidiary of the German Group Leoni, doubled its turnover in Romania in 2010, reaching 73 million EUR. In 2010, Leoni Wiring Systems recorded a profit of approx. 1.4 million EUR and 2,247 employees.

Leoni has in Romania three plants, located in Bistrita, Arad and Pitesti. The company produces cables and electrical wiring for the automotive industry, appliances, telecommunication products and mechanical systems.

Gross industrial production up by 6.8% in first nine months of 2011

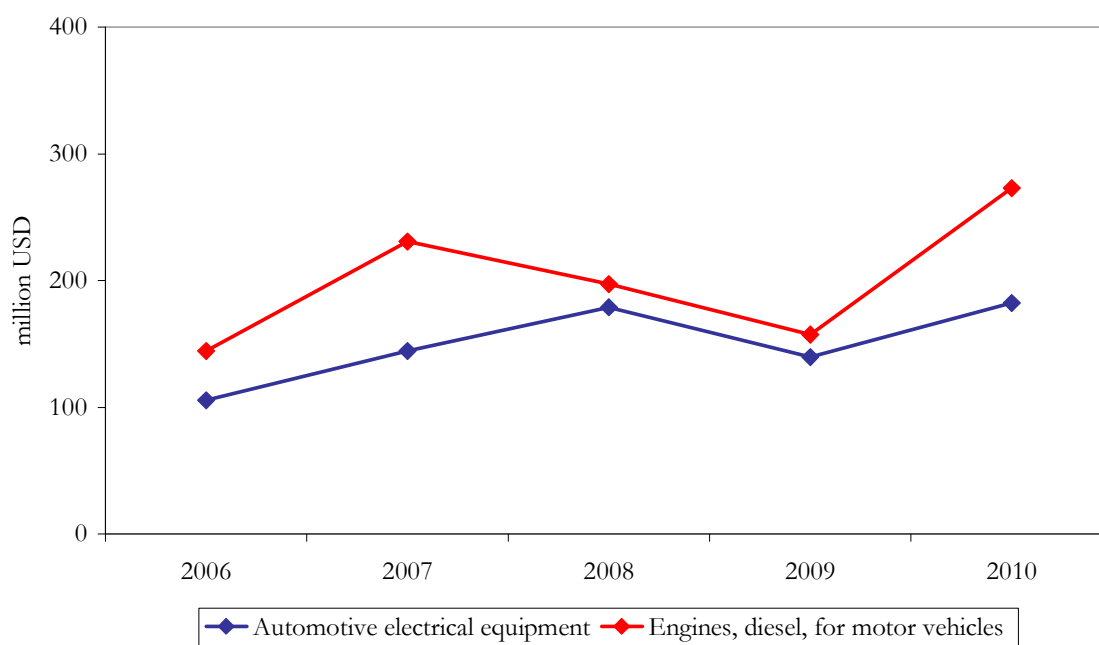
In the first nine months of 2011, the gross industrial production in Romania increased by 6.8% compared to the similar period of the previous year.

In September 2011, the gross industrial production increased by 5.5% compared to September 2010 and by 15.1% compared to August 2011.

2. DYNAMICS OF IMPORTS OF AUTOMOTIVE COMPONENTS AND TOOLS IN ROMANIA

The imports of the automotive electrical equipment in Romania recorded a growth by approx. 30% in 2010 compared to 2009, reaching some 182 million USD. The domestic imports of the engines, diesel, for motor vehicles recorded a significant growth by approx. 73% in 2010 compared to the previous year.

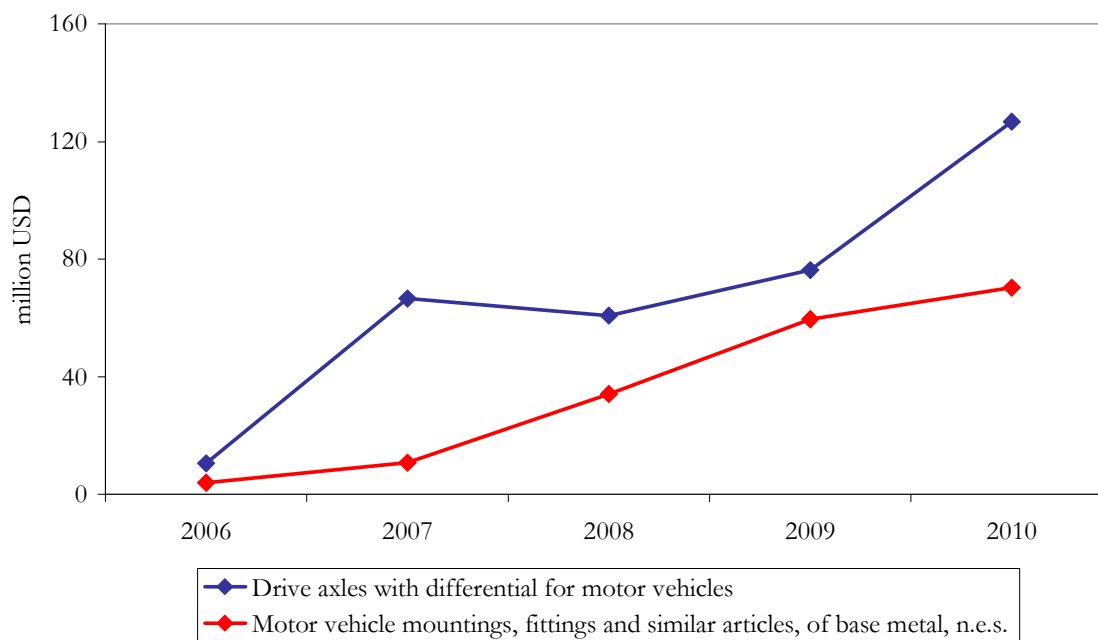
Imports of automotive electrical equipment and engines in Romania



Source: Romanian Center for Trade and Investment

The imports of drive axles with differential for motor vehicles in Romania recorded an increase by approx. 66% in 2010 compared to 2009. The Romanian imports of the motor vehicle mountings, fittings and similar articles, of base metal, n.e.s. recorded a continuous growth during the period 2006 – 2010, reaching some 70 million USD in 2010, this representing an increase by approx. 18% compared to 2009.

Imports of automotive drive axles, mountings, fittings in Romania



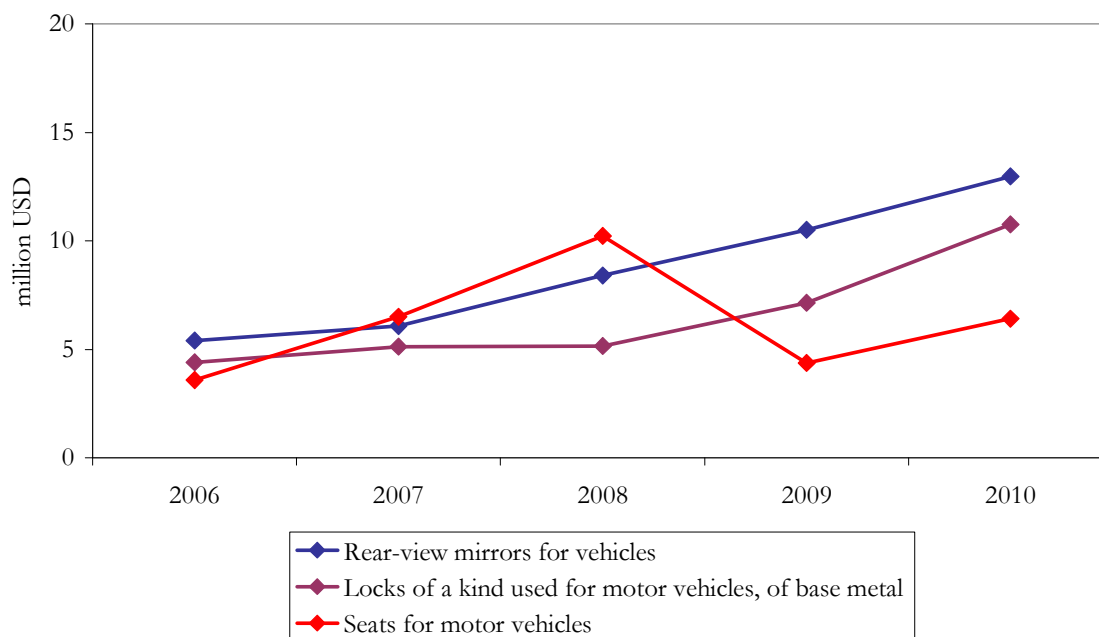
Source: Romanian Center for Trade and Investment

In 2010 compared to 2009, increases of the Romanian imports of automotive articles were recorded for the following categories:

- rear-view mirrors for vehicles: approx. 23%
- locks of a kind used for motor vehicles, of base metal: approx. 51%
- seats for motor vehicles: approx. 47%

Also, the imports of air-conditioning machines of a kind used for persons, in motor vehicles in Romania recorded 1.3 million USD in 2010.

Imports of automotive rear view mirrors, locks, seats in Romania

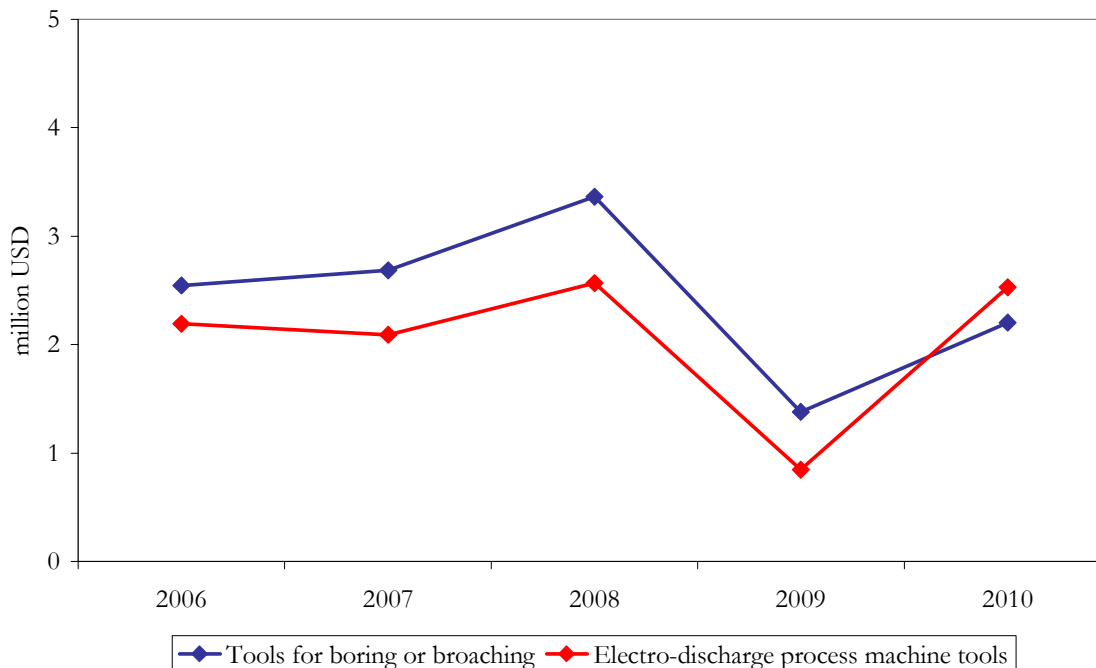


Source: Romanian Center for Trade and Investment

In 2010 compared to the previous year, the Romanian imports of the tools for boring or broaching recorded a growth by approx. 59%.

The imports of the electro-discharge process machine tools in Romania registered a significant increase by approx. 200% in 2010 compared to 2009.

Imports of tools in Romania



Source: Romanian Center for Trade and Investment

The imports of other types of tools in Romania in 2010 recorded the following values:

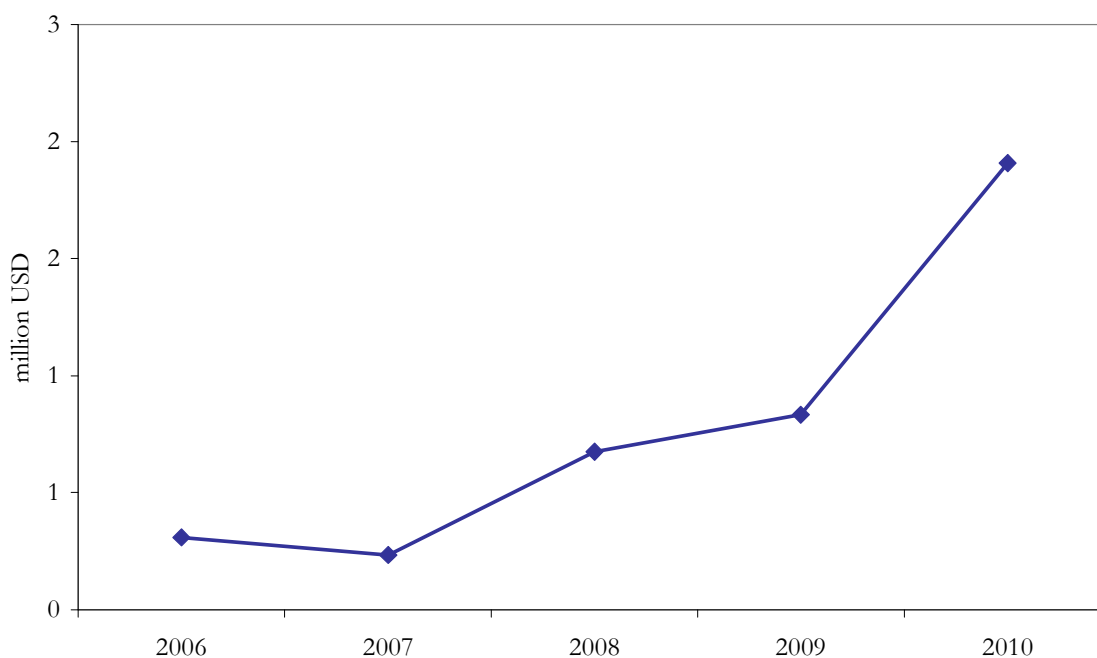
- metal and wire cutting shears, etc: approx. 0.8 million USD
- tools for pressing, stamping or punching: approx. 15.1 million USD
- machine tools except lathes to drill, bore, mill, thread: approx. 18.4 million USD
- machine tools for shaping metals: approx. 9 million USD
- machine tools to forge, stamp, hammer or press metals: approx. 6.1 million USD
- num controlled machine tools to bend, fold, etc metal: approx. 9.6 million USD
- punching, notching, punch-shear machine tools: approx. 1.2 million USD

3. DYNAMICS OF EXPORTS OF AUTOMOTIVE COMPONENTS AND TOOLS IN ROMANIA

Starting with 2007, local production of vehicle bodies in Romania, increased considerably mainly due to foreign investments.

The Romanian exports of the bodies for passenger carrying vehicles recorded a continuous growth during the period 2007 – 2010, reaching some 2 million USD, up by approx. 130% in 2010 compared to 2009.

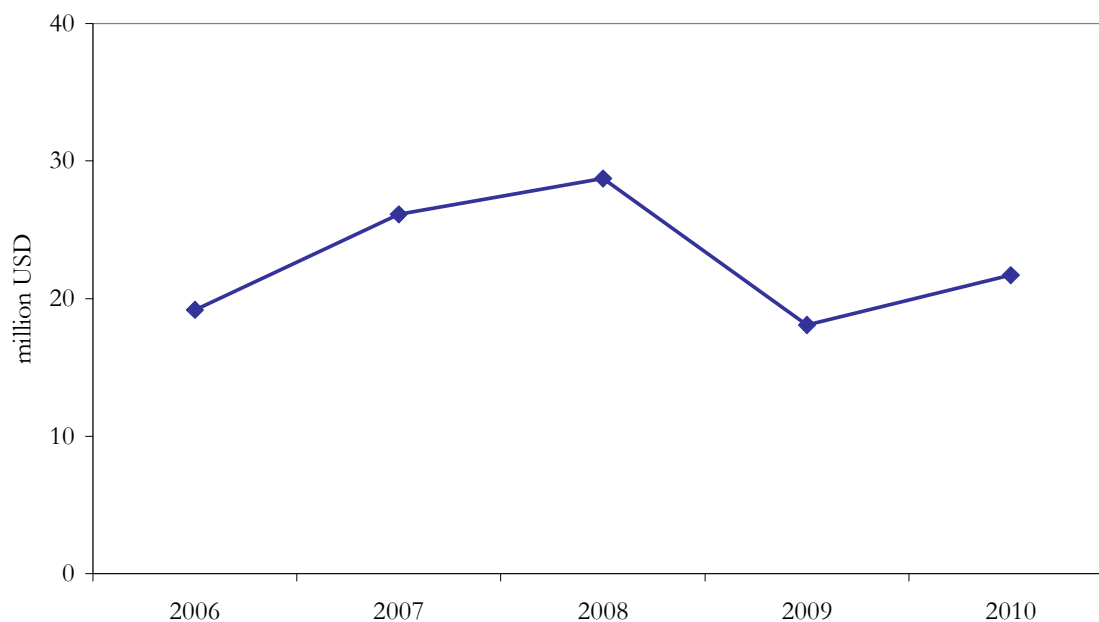
Romanian exports of bodies for passenger vehicles



Source: Romanian Center for Trade and Investment

The Romanian exports of the machine-tools for forging, die-stamping, bending metal recorded a growth by approx. 20% in 2010 compared to 2009.

**Romanian exports of machine-tools
for forging, die-stamping, bending metal**



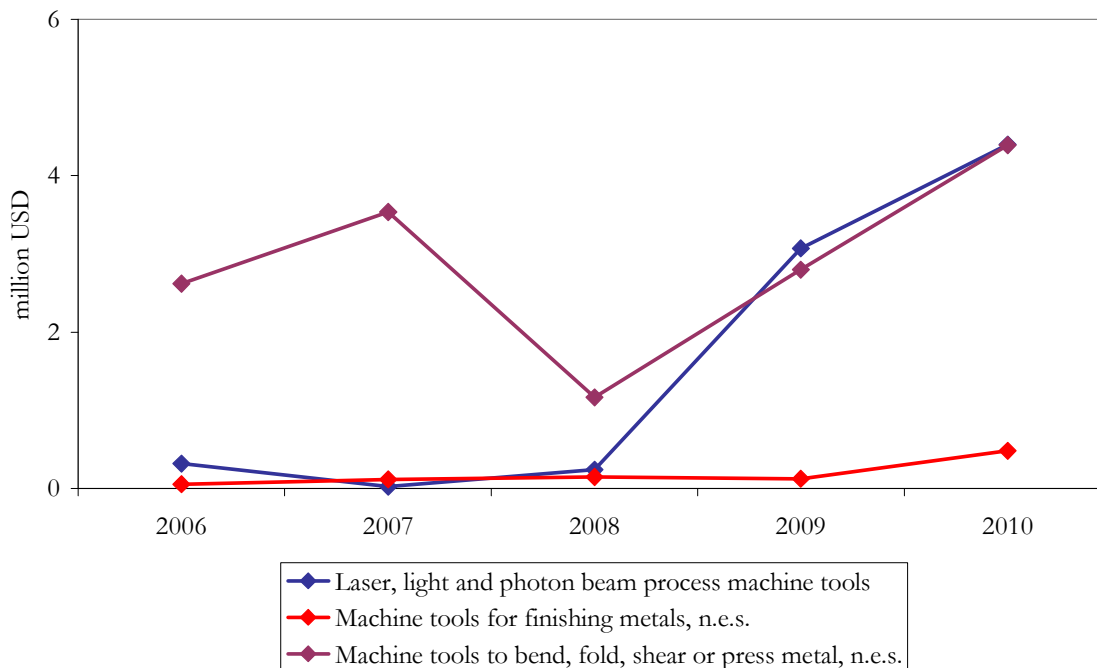
Source: Romanian Center for Trade and Investment

In 2010, local production of machine tools increased considerably, with new foreign investments and demand from external markets.

Therefore, compared to 2009, in 2010 increases of the Romanian exports of other types of machine tools were recorded for the following categories:

- laser, light and photon beam process machine tools: approx. 43%
- machine tools for finishing metals: approx. 283%
- machine tools to bend, fold, shear or press metal: approx. 57%

Romanian exports of other types of machine tools



Source: Romanian Center for Trade and Investment

4. EXPECTATIONS FOR 2012 – 2015

Automotive and industrial manufacturing in Romania is expected to continue its dynamics in the period 2012 – 2015, with local manufacturers having announced expansion plans and new investments, while new industrial platforms and manufacturing sites are being constructed.

Romania acts as an industrial hub in the region, with direct access to other major markets such as Poland, Ukraine, Turkey and Russia.

Major points for foreign investment attractiveness in Romania include:

- proximity to clients and suppliers
- availability of trained workforce
- competitive wages

For the period 2012 – 2015 it is expected that local demand for special materials and advanced technology will increase.



This demo sector brief is produced by FRD Center Market Entry Services – www.frdcenter.ro - a privately owned market entry consulting firm based in Romania.

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