

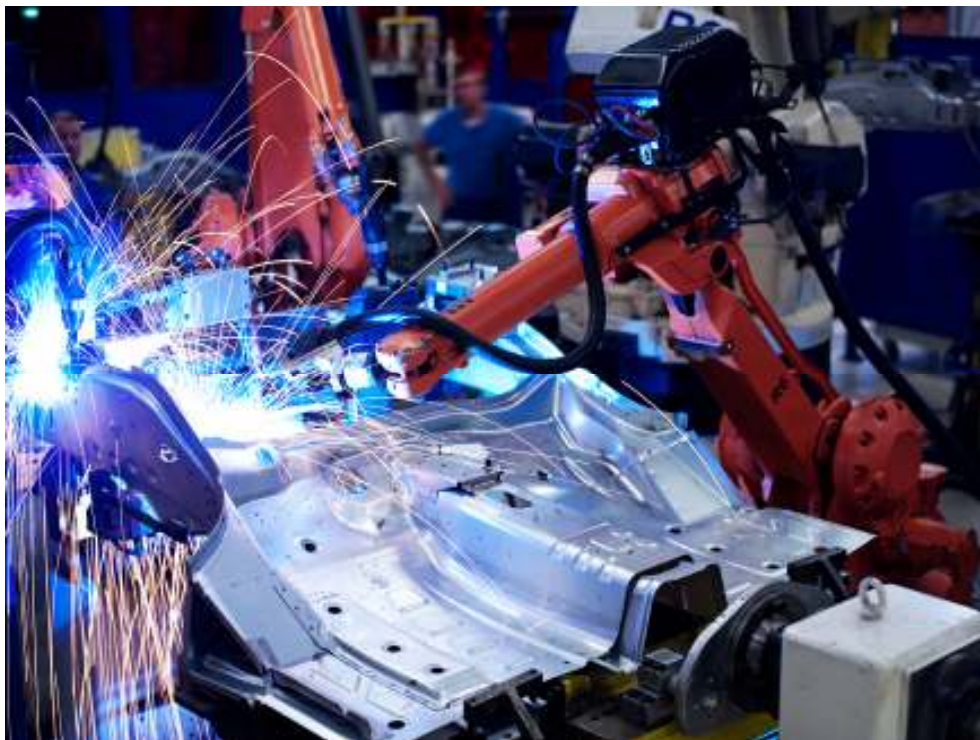
A FRD Center Market Entry Services sector brief  
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## **DEMO SECTOR BRIEF**

# **INDUSTRIAL MANUFACTURING IN ROMANIA**

1. **SECTOR OVERVIEW**
2. **AUTOMOTIVE COMPONENTS MANUFACTURING**
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MANUFACTURING**
5. **MINING EQUIPMENT MANUFACTURING**
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- identification and qualification of B2B distributors, importers, suppliers etc.
- product presentation and assessment of interest from clients / partners
- pre-M&A business support and research
- identification of market opportunities: exports, sourcing, B2B sales etc.
- trade missions, business itineraries, inward buyer missions

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*Sources consulted for this report: business mass media, the companies, official sources*

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## **1. SECTOR OVERVIEW**

During the recent years, industrial manufacturing in Romania has registered continuous growth. It represents one of the main sectors of opportunity in the region due to low cost labour market, availability of resources and facilities as well as of proximity to end-user / buyer.

According to the National Institute of Statistics, in the first nine months of 2014 compared to the similar period of 2013, the industrial production in Romanian has increased by 7.4% as gross series and by 8.5% as series adjusted by number of working days and seasonality. The growth as gross series has been recorded mainly due to the increase of the manufacturing sector (+8.8%).

By main industrial groups, in the first nine months of 2014 compared to the same period of 2013, increases as gross series have been recorded by the following industries:

- capital goods industry: +13.4%
- consumer durables industry: +8.2%
- intermediate goods industry: +4.6%
- consumer non-durables industry: +4.4%

The industrial new orders in Romania have increased by 6.8% in nominal terms in the first nine months of 2014 compared to the first nine months of 2013.

In 2013, the industrial sector had the biggest percentage in the GDP structure in Romania, of 30%. During the recent economic crisis period, the industrial manufacturing has been the main driver of the Romanian economy.

## **2. AUTOMOTIVE COMPONENTS MANUFACTURING**

The automotive components manufacturing in Romania is a dynamic sector that has registered continuous development in the last years, mainly due to the foreign investments.

The country is an attractive destination for foreign manufacturers of automotive components. Various foreign First Tier and Second Tier companies have production facilities in Romania and have made significant investments on the domestic market. Some examples are: Continental, Michelin, Johnson Controls, Autoliv, Takata, Pirelli, Delphi, Schaeffler, Leoni, Bosch, Daimler or Yazaki.

The majority of the local manufacturers are Second Tier and Third Tier suppliers. They operate in sub-sectors such as:

- plastics
- metal-forming

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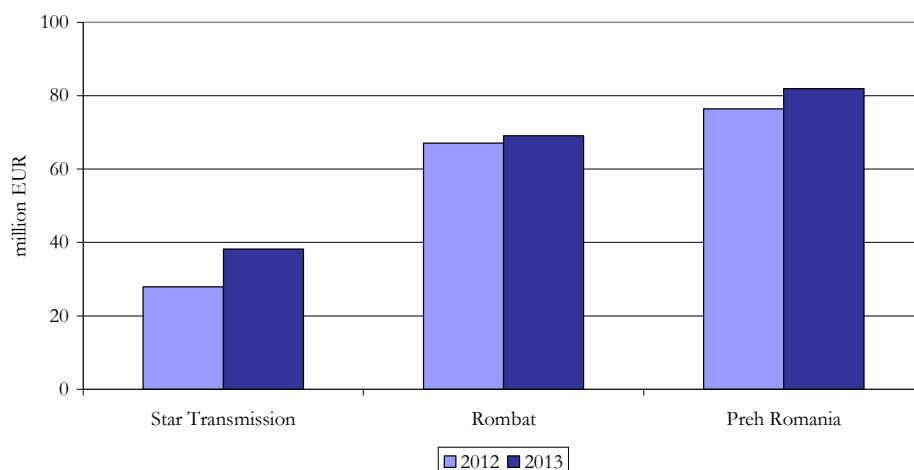
- casting
- electronics

Some examples of independent Romanian manufacturers of automotive components are: Compa Sibiu, iP Automatic Design, Stefani Mecanofin, ASAM, Plastor, Fermit, Grupul Industrial Componente, Chimica or Metaplast.

Some manufacturers of automotive components that have recorded business growth are:

- Star Transmission, part of Daimler Group, has registered a net turnover of over 38 million EUR in 2013, up by 37% compared to 2012. The company manufactures various components for the automotive industry: gears, shafts, pinions, chain tensioners, devices. Some of its clients are: Daimler, JTEKT, MITEC Automotive or KUKA. Star Transmission has approximately 1,000 employees.
- The producer of automotive batteries Rombat, part of the South African Group Metair Investment, have recorded a net turnover of almost 70 million EUR in 2013, this representing an increase by 3% compared to 2012. The company's main clients are: Dacia, Renault, Peugeot and Nissan. Rombat has a team of some 700 employees.
- Preh Romania, part of the German Group Preh, has recorded a net turnover of 82 million EUR in 2013, up by 7% compared to 2012. The company manufactures in its plant in Ghimbav (Brasov county) driver control and climate control components. The company's clients are BMW, Volkswagen, Porsche, Skoda, Seat, Audi and Daimler. Preh Romania has approximately 600 employees.

**Net turnover dynamics of three manufacturers  
of automotive components in Romania**



*Source: Ministry of Public Finances*

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Some examples of recent, in-progress or planned investments in the sector of the automotive components manufacturing in Romania are presented below:

- The Austrian manufacturer of automotive cables Hirschmann invests some eight million EUR to triple the production capacity of its Romanian plant in the Mures county. As a result of this investment, the number of the employees is expected to grow by 50% by the end of 2015.
- Huf, the German manufacturer of automotive locking systems, has announced for 2014 investments of over two million EUR in its Romanian plant located in Arad, in order to acquire assembling and plastic injection equipment. Huf produces in its Arad plant mechanical and electrical locking systems for Dacia - Renault, BMW, Porsche, Kia, MAN, Volvo or Mitsubishi.
- The Swedish Group Autoliv has announced investments of 25 million EUR in 2014 in order to develop its plants in Romania. Autoliv produces in Romania automotive safety systems (airbags and seatbelts).
- The German Group Leoni has budgeted investments of approximately seven million EUR in 2014 in order to develop its plant of automotive cables in Arad. Leoni produces in Arad automotive cables for clients such as Volkswagen, BMW, Daimler or GM.
- The US producer TRW Automotive has opened in April 2014 a new airbag production unit, located in Roman (Neamt county). The unit has been launched following investments of approximately 14 million EUR.
- The Italian tire producer Pirelli has budgeted investments of 105 million EUR in its Slatina plant during the period 2013 - 2017. The investments target to increase the production capacity from 10 million tyres at the end of 2013 to 13 million tyres in 2017.
- The Japanese manufacturer Yazaki plans to construct a plant of automotive cables in Braila. At present, Yazaki has approximately 5,000 employees in its four plants in Romania.

### **3. MACHINE-TOOLS MANUFACTURING**

The machine-tools sector in Romania has a long and solid tradition. In the 1980s, Romania was among the world's top ten machine-tool manufacturers, with a 35.5% of the universal and specialised machine tools on the Comecon product list, second only to the Soviet Union.

In the post-communist era, many of the flagship manufacturing plants have been bought by foreign investors and several start-ups have been founded by Romanian entrepreneurs with good expertise in the field.

According to NIS, the production of metal working machine tools has recorded approximately 14.5 million EUR in 2013 in Romania, up by almost 30% compared to 2012. Furthermore, the

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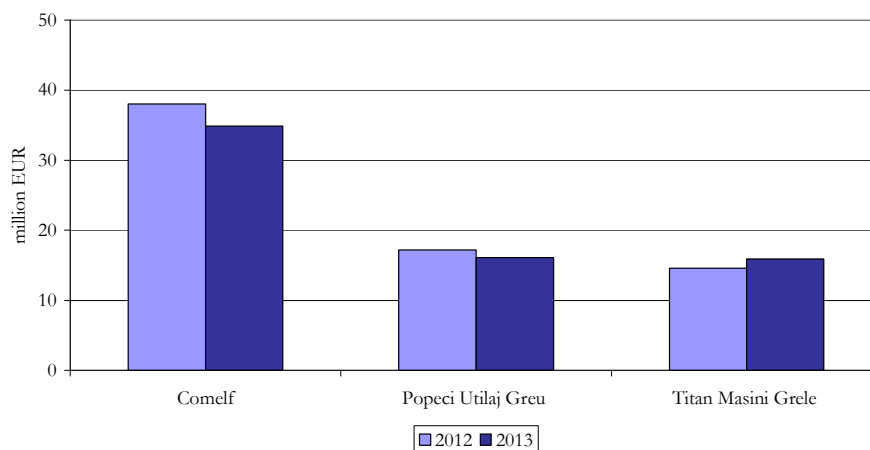
domestic production of tools and specific machines of mechanical engineering has registered over 41 million EUR in 2013.

In Romania, there are some 100 players manufacturing machine tools and metal forming machinery. In 2012, they registered a cumulated net turnover of approximately 125 million EUR.

Some manufacturers of machine tools in Romania that have recorded business growth during the past years are presented below:

- Titan Masini Grele produces vertical turning and boring mills, horizontal boring and milling machines, gantry milling machines, welding constructions etc. It covers the surface of 60,000 sqm that includes manufacturing spaces, office spaces for engineering, quality control and administration. Titan Masini Grele has recorded a y/y increase of the net turnover of almost 10% in 2013, reaching 16 million EUR. The company has approximately 500 employees.
- Emsil Techtrans produces machining centres, lathes, milling machines, boring machines etc. In 2013, the company has registered a net turnover of almost 12 million EUR, up by over 40% compared to the previous year. Emsil Techtrans has over 100 employees.
- Set up in 1916, UMARO produces vertical lathes, machine tools for railways, rotary tables, bearing balls machines, timber processing machines, furniture production machines, milling equipment etc. The company has recorded in 2013 a net turnover of 1.5 million EUR, up by over 35% compared to 2012. UMARO has a team of some 180 employees.

**Net turnover dynamics of three manufacturers  
of machine tools in Romania**



*Source: Ministry of Public Finances*

The Romanian exports of machine tools have recorded approximately 42.5 million EUR in 2013, out of which:

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- exports of machining centres, unit construction machines (single station) and multi-station transfer machines, for working metal: approx. 3.4 million EUR
- exports of lathes (including turning centres) for removing metal: approx. 11.4 million EUR
- exports of machine tools (including way-type unit head machines) for drilling, boring, milling, threading or tapping by removing metal, other than lathes: approx. 9.3 million EUR
- exports of machine tools for deburring, sharpening, grinding, honing, lapping, polishing or otherwise finishing metal or cermets by means of grinding stones, abrasives or polishing products, other than gear cutting, gear grinding or gear finishing machines: approx. 2.4 million EUR
- exports of machine tools for planing, shaping, slotting, broaching, gear cutting, gear grinding or gear finishing, sawing, cutting-off and other machine tools working by removing metal or cermets: approx. 1.8 million EUR
- exports of machine tools (including presses) for working metal by forging, hammering or die-stamping; machine tools (including presses) for working metal by bending, folding, straightening, flattening, shearing, punching or notching, presses for working metal or metal carbides: approx. 14.1 million EUR

#### **4. ELECTRICAL MOTORS AND ELECTRICAL SWITCHBOARDS MANUFACTURING**

The production of electrical motors has a long tradition in Romania. In the last years, the domestic production of electrical motors has been developing and adapting to new needs based on the market dynamics.

There are over 60 manufacturers of electrical motors, generators and transformers in Romania with a cumulated net turnover of over 200 million EUR in 2012.

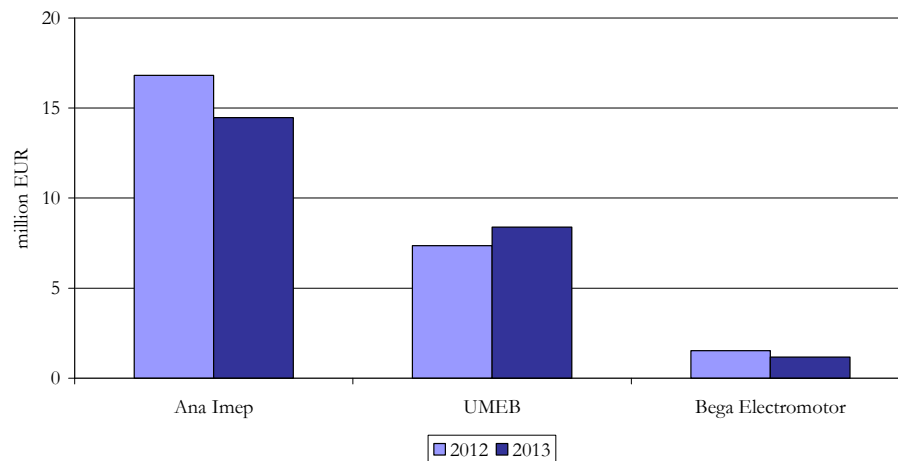
Some manufacturers of electrical motors in Romania are presented below:

- Ana Imep manufactures electric motors for white appliances. The company's main market is represented by the European Union. Ana Imep has reported a net turnover of approximately 15 million EUR in 2013. The company has over 300 employees.
- UMEB manufactures electrical motors and generators. The company has clients in the mining, chemical, petrochemical, food, textile, metallurgical, construction materials, wood exploitation, processing sectors. UMEB exports approximately 60% of its motor production to Italy, Germany, Finland, Spain, UK etc. UMEB has recorded a net turnover of over 8 million EUR in 2013, up by 14% compared to the previous year. The firm has a team of approximately 250 employees.

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- Bega Electromotor, part of the Bega Group, manufactures three-phase electric motors, single-phase electric motors, electric motors for lifting equipment, motors for washing machines, special electric motors and pumps. The majority of the company's production is exported. Bega Electromotor has registered in 2013 the net turnover of 1.2 million EUR. The company has some 60 employees.

**Net turnover dynamics of three manufacturers  
of electrical motors in Romania**



*Source: Ministry of Public Finances*

There are approximately 130 companies specialised in the manufacturing of electricity distribution and control apparatus in Romania, with a cumulated net turnover of some 420 million EUR in 2012.

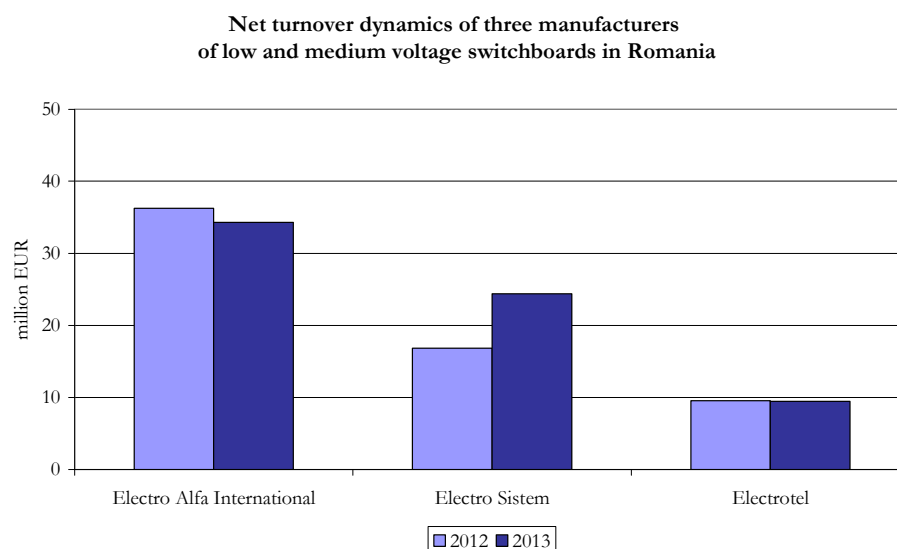
Some significant manufacturers of low and medium voltage switchboards in Romania are:

- Electro Alfa International produces low and medium voltage switchboards, power distribution and metering equipment, control panels, metallic structures etc. Some of its main clients are: ArcelorMittal, Mechel, Lukoil, OMV Petrom, Oltchim, Daewoo-Mangalia Heavy Industries, CEZ, Enel etc. The company has recorded a net turnover of almost 35 million EUR in 2013.
- Established in 1996, Electro Sistem produces low and medium voltage switchboards, compact transformers, separators, accessories etc. Some of the company's main clients are: ArcelorMittal, OMV, Romenergo, Eurobusiness Industrial Park in Oradea, Kaufland etc. Electro Sistem has recorded in 2013 a net turnover of almost 25 million EUR, up by 45% compared to the previous year. The company has over 250 employees.
- Set up in 1970, Electrotel manufactures low and medium voltage switchboards and automation panels. Electrotel has production spaces of 40,000 sqm and approximately 450 employees. In 2013, the company has exported 82% of its production to countries in Europe, Middle East, Asia, Africa, North America, South America and Australia. Some



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of its main clients are: Alstom Grid, Schneider, Siemens, OMV, Enel, E-On, Holcim, Air Liquide etc. Electrotel has recorded a net turnover of almost ten million EUR in 2013, a level similar with the one registered in 2012.



*Source: Ministry of Public Finances*

## 5. MINING EQUIPMENT MANUFACTURING

The mining industry is an important industrial sector in Romania. It actively supports the country's economic development by providing a variety of mineral products.

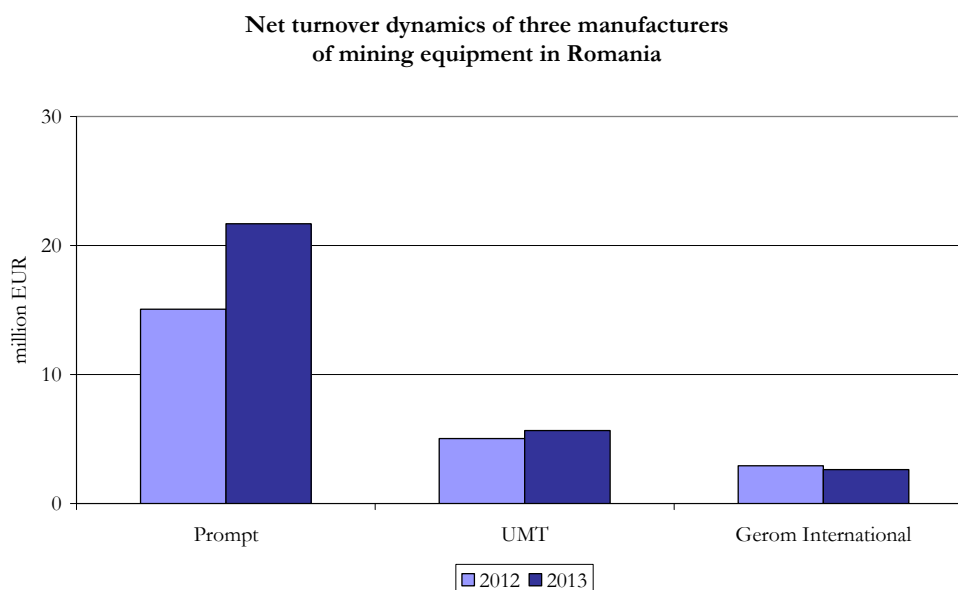
In the first nine months of 2014, the turnover in the mining and quarrying industry in Romania has increased by 7.6% compared to the similar period of 2013.

Some domestic manufacturers of mining equipment are briefly profiled below:

- Prompt manufactures mining machinery, lifting equipment, metallic constructions etc. Some of the firm's clients are: Arcelor Mittal, Carpatcement, Dacia, Ford, Continental, Hidroelectrica, Petrom, Takata, Otelinox, Centrala Nucleara Cernavoda etc. In 2013, Prompt has recorded a net turnover of almost 22 million EUR, up by 45% compared to the previous year. The firm has approximately 250 employees.
- UMT manufactures mining equipment, cranes, metallurgical equipment, metallic structures etc. It has the production capacity of approximately 800 tonnes of mining equipment. Some of its clients are: Petrom, Caterpillar, Nexus International, Electrocentrale etc. UMT has recorded in 2013 a net turnover of almost 6 million EUR, this representing an increase by 12% compared to 2012. The company has over 250 employees.

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- Gerom International manufactures chain conveyors for underground mining, belt conveyors for construction, hydraulic devices, roof supports, containers etc. The company has recorded a net turnover of 2.6 million EUR in 2013. Gerom International has a team of over 150 employees.



*Source: Ministry of Public Finances*

## 6. OIL & GAS EXTRACTION EQUIPMENT MANUFACTURING

In the first nine months of 2014, the turnover in the extraction of crude petroleum and natural gas industry in Romania has increased by 21.1% compared to the same period of 2013.

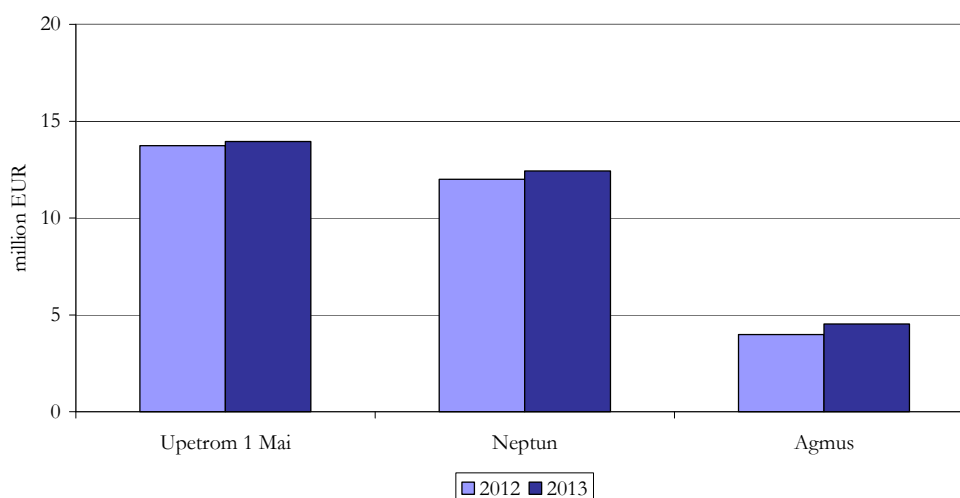
Some manufacturers of oil / gas extraction equipment in Romania that have recorded business growth during the past years are:

- Upetrom 1 Mai - it manufactures oilfield equipment, oil & gas drilling rigs, blowout preventers, pumping units, cementing and fracturing units, castings etc. The company was set up in 1908, under the name “Societatea de Reparatii Foraj”. Upetrom 1 Mai has registered the net turnover of 14 million EUR in 2013, up by 2% compared to 2012. The firm has over 800 employees.
- Neptun - it manufactures oil extraction equipment, gear units, gear boxes etc. Neptun has recorded a net turnover of almost 12.5 million EUR in 2013, up by 3% compared to 2012. The company has over 300 employees. Neptun is listed on Bucharest Stock Exchange.
- Agmus, part of the Romanian Group Conex - it manufactures oil & gas extraction machinery, metallurgical equipment, construction equipment, devices for chemical

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industry, waste recycling equipment etc. The company has clients in Romania as well as abroad. Agmus has registered in 2013 the net turnover of 4.5 million EUR, up by almost 15% compared to the previous year. The company has some 200 employees.

**Net turnover dynamics of three manufacturers of oil/gas extraction equipment in Romania**



*Source: Ministry of Public Finances*

## 7. ROLLING STOCK MANUFACTURING

Rolling stock has been manufactured in Romania since 1872 and in 1926 Romania becomes mass producer of locomotives type 50.100.

Currently, the rolling stock producers are recuperating nicely after the decline of the sector registered in the 1990s.

Three main domestic manufacturers of rolling stock that have registered business growth during the last years are briefly profiled below:

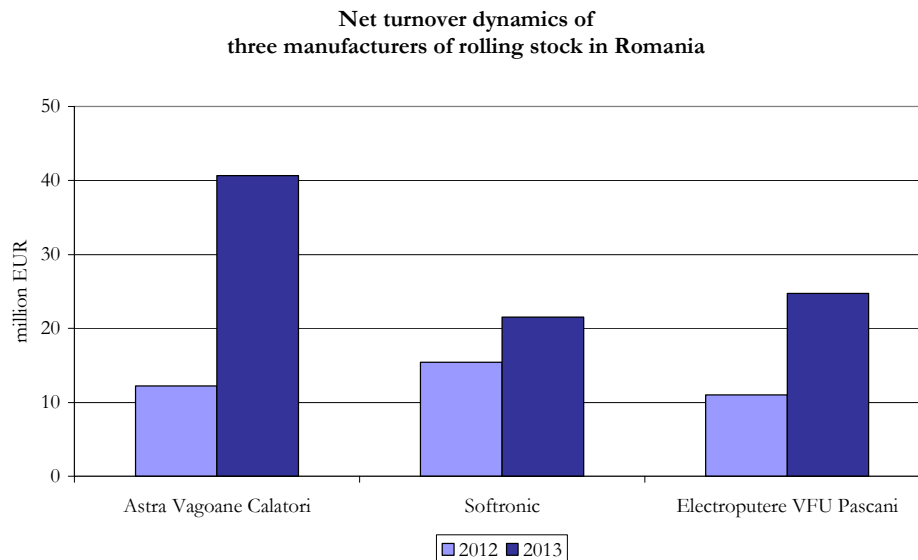
- Astra Vagoane Calatori is specialised in the manufacturing and repair of rolling stock. The company has the capabilities to manufacture all types of 200 km/h passenger coaches for international UIC traffic, metros and trams. Its range of products includes: Imperio trams, InterRegio coach, Unica coach, Standard coach, AVA200 EXPRESS PMR, AVA200 Restaurant, AVA200 WLAB, AVA-200 ZARAND, AVA200 EXPRESS and freight wagons. Astra Vagoane Calatori has registered in 2013 a net turnover of almost 41 million EUR, this representing a significant increase of 230% compared to 2012. The company has approximately 800 employees. Astra Vagoane Calatori exports its products in Brazil, Germany, France or Switzerland.
- Softronic manufactures and repairs locomotives and trains. Its range of products includes: Hyperion passenger train, Transmontana locomotive, Phoenix locomotive.

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Softronic has recorded a net turnover of almost 22 million EUR in 2013, up by 40% compared to 2012. The company has approximately 200 employees.

- Electroputere VFU Pascani, part of the Grampet Group, is specialised in the manufacturing and repairing of freight and passenger coaches. The company has signed a partnership with the US producer Caterpillar Inc. Electroputere VFU Pascani targets to export 360 locomotives in the next ten years. In 2013, the company has registered a net turnover of approximately 25 million EUR, up by 125% compared to the previous year. It has some 800 employees.

Electroputere VFU is heir to a tradition of 50 years in locomotives production. Over 1,000 electric locomotives and 3,000 Diesel-electric locomotives have been manufactured in this division of the company since its founding.



*Source: Ministry of Public Finances*

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Contact: Jackie Bojor, Director  
[europa@frdcenter.ro](mailto:europa@frdcenter.ro)