

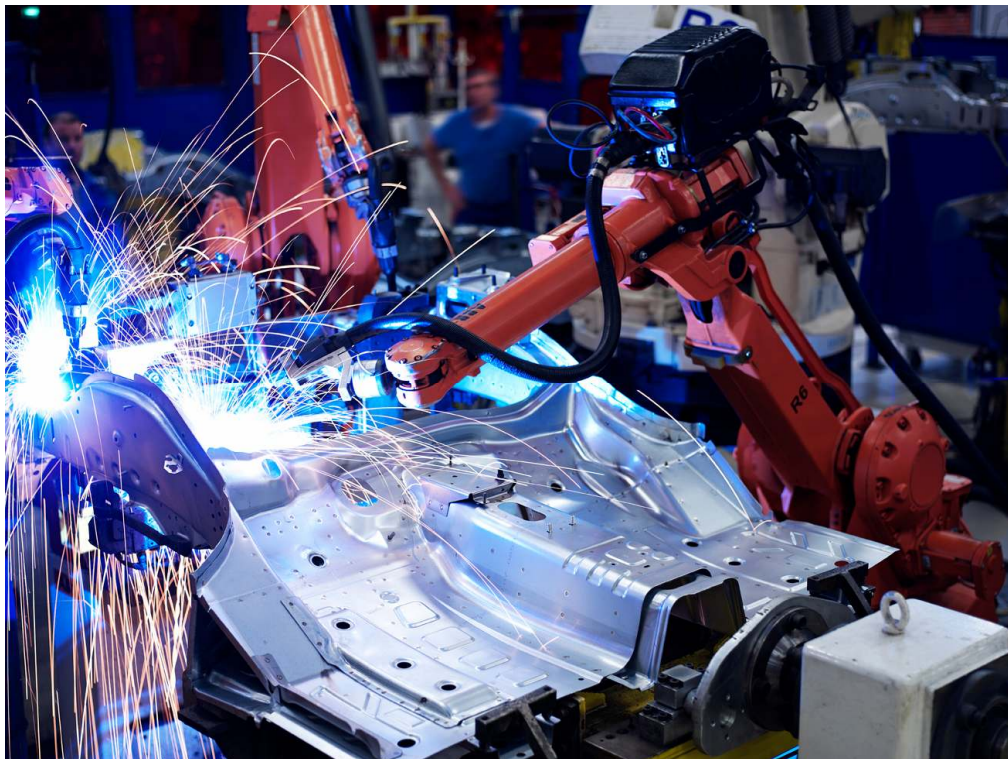
A FRD Center Market Entry Services sector brief
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DEMO SECTOR BRIEF

INDUSTRIAL MANUFACTURING IN ROMANIA

1. SECTOR OVERVIEW
2. AUTOMOTIVE COMPONENTS PRODUCTION
3. WELDING
4. ELECTRICAL MOTORS
5. INTERNATIONAL RELATIONS



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1. SECTOR OVERVIEW

During the recent years, the industrial manufacturing in Romania has registered continuous growth mainly due to the development of automotive production, metal forming, electrical motors and turbines production, oil & energy equipments sectors.

According to the National Statistics Institute, Romanian industrial new orders rose 13.4% on the year in 2011, boosted by increases in all sectors.

In January 2012 compared to January 2011, the gross industrial production in Romania registered an increase of 1.2%, mainly due to the increases in the following sectors:

- mining and quarrying: +5.4%
- manufacturing: +0.9%
- production and supply of electricity, gas, steam and air conditioning: +0.9%

By main industrial groups, in January 2012 compared to the corresponding month of 2011, increases were recorded by:

- capital goods industry: +6.4%
- energy industry: +0.9%,

Among the economic sectors, the industry had the highest share in the GDP in Romania in 2011, namely 26.5%, compared to 22.8% in 2008.

In the three years of the financial crisis, industrial manufacturing became the main driver of the Romanian economy.

According to the National Commission of Prognosis, the industrial production in Romania is estimated to increase by 1.8% in 2012 compared to 2011.

2. AUTOMOTIVE COMPONENTS PRODUCTION

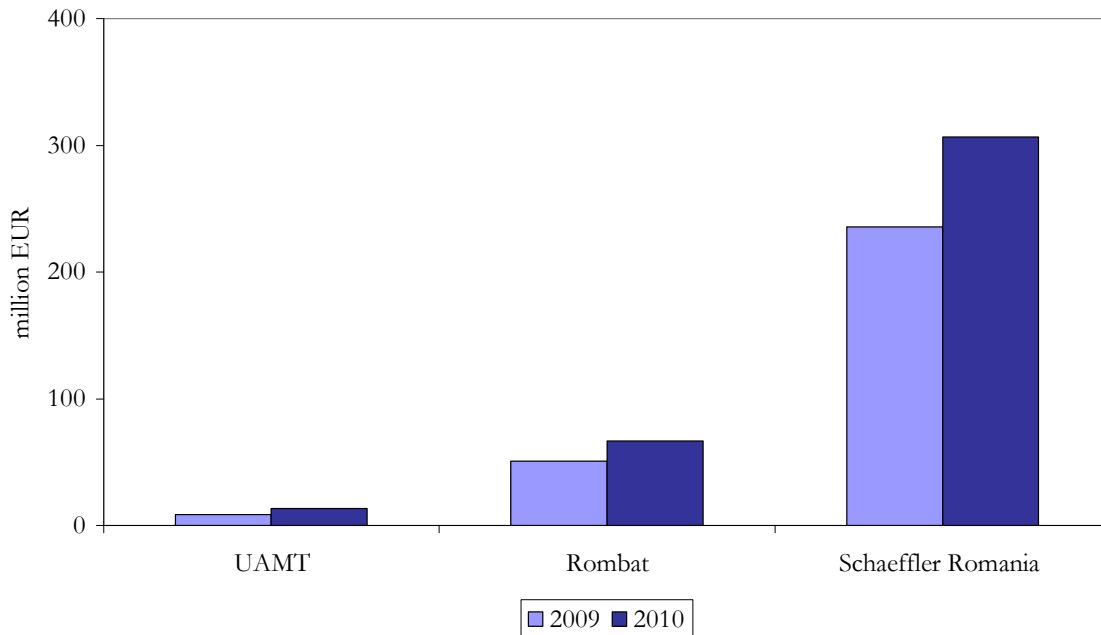
The manufacturing of auto parts and components in Romania has been registering continuous development in the last 10 years, mainly due to foreign investments and increasing production.

Some producers of automotive components that recorded business growth during the past period or estimate business growth for the next period are:

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- The Romanian producer of auto spare parts and components UAMT Oradea recorded a turnover of some 20 million EUR in 2011, up by approx. 47% compared to 2010.
- 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 same period in 2010. In the first nine months of 2011, the company produced over 1.5 million batteries.
- Schaeffler Romania targets a y/y turnover growth of 15% in 2012 when its production will be diversified with new types of bearings.

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



Source: Ministry of Public Finances

Some examples of recent or in-progress investments in the sector of the automotive components production in Romania are:

- In January 2012, Johnson Controls launched a production facility of automotive chairs in Craiova, following investments estimated at some ten million EUR.
- In 2011, Johnson Controls acquired the auto division of the Romanian manufacturer of polyurethane foam for the automotive industry Spumotim. The transaction includes the company's headquarters and plant in Timisoara, as well as its plant in Pitesti.

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- In November 2011, Delphi Automotive finalised an investment of over 155 million EUR in its plant in Miroslava, Iasi county.
- The German Group Röchling invests over nine million EUR in a plant of plastic automotive components in Pitesti.
- The German producer of auto components Continental invests 35 million EUR in Sibiu in order to increase its production facilities.
- The German automotive components producer Bosch will invest 77 million EUR in a production facility in Jucu, Cluj county.
- The German Group Draxlmaier plans to invest 30 million EUR, during the period 2012 – 2013, in order to expand the production of automotive electrical wiring in its plant in Satu Mare.
- Honeywell intends to build in Ploiesti a brake pad plant, fully equipped with the Hot Press latest technology.

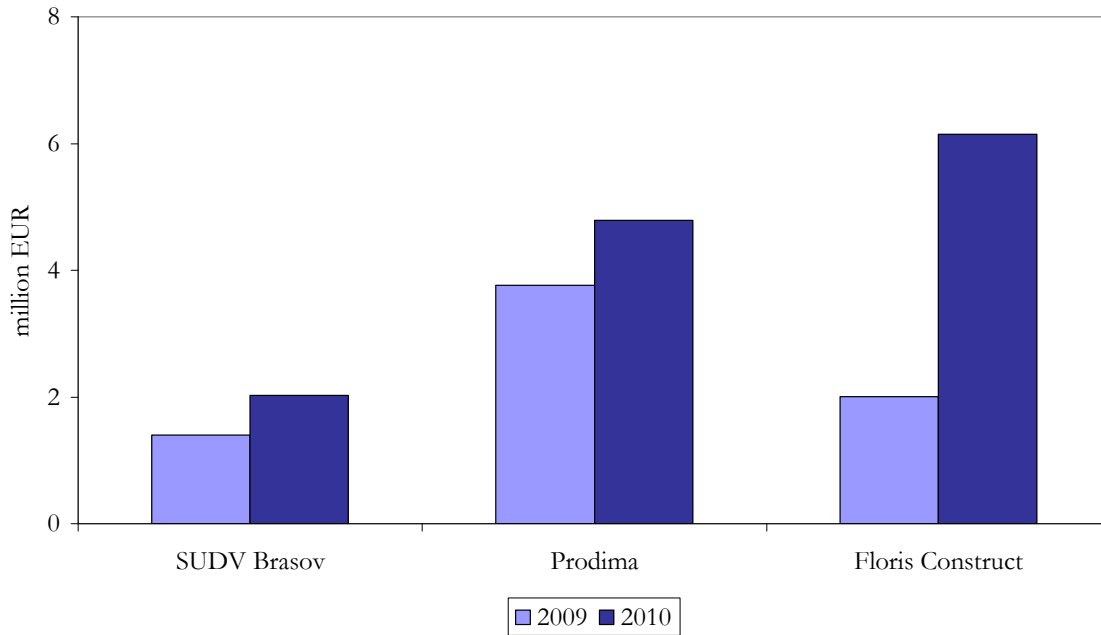
3. WELDING

The welding industry is well represented in Romania. The producers of welding structures in Romania use various technical procedures, such as: manual electric welding, gas-shielded arc welding, flux-shielded arc welding, automatic arc welding, CNC oxy-gas cutting, mechanical cutting, gear grinding, heat treatment, sandblasting, painting etc.

Some producers of welding structures in Romania are:

- **SUDV Brasov** is specialised in the mechanical welded metal works, metal cutting operations on CNC machine-tools, manufacturing of parts for auto vehicles, manufacturing of tools and devices. The company provides mechanical welded structures (on CNC machining), table cutting on machine with digital control and steel and stainless steel welded structures (using MIG / MAG / TIG equipment).
- **Prodima** produces welded constructions, rolls, axes, hubs for wheels, bearings, flanges, industrial halls. The company's technical capabilities include: cutting, turning, milling, boring, hardening, welding, deflection, sanding, painting, assembly and packaging. The equipment used by the company includes welding sets, winding presses with numeric command up to 3,000 mm and with 160 tons of force precise welding. The company has a production surface of some 5,000 sqm.
- **Floris Construct** produces welded constructions and metallic structures. The equipment used by the company includes: sandblasting and painting booth, cutting CNC machines, euro-profiles processing CNC machine, welding equipment, lifting equipment, machine tools. The company has two production halls.

Net turnover dynamics of three producers
of welding structures in Romania



Source: Ministry of Public Finances

4. ELECTRICAL MOTORS

The production in Romania of electrical motors and transformers has a long tradition. With the current emphasis of renewable sources of electrical energy – especially wind power – the local production of electrical motors has been adapting and developing.

Some examples of local producers of electrical motors in Romania are presented below:

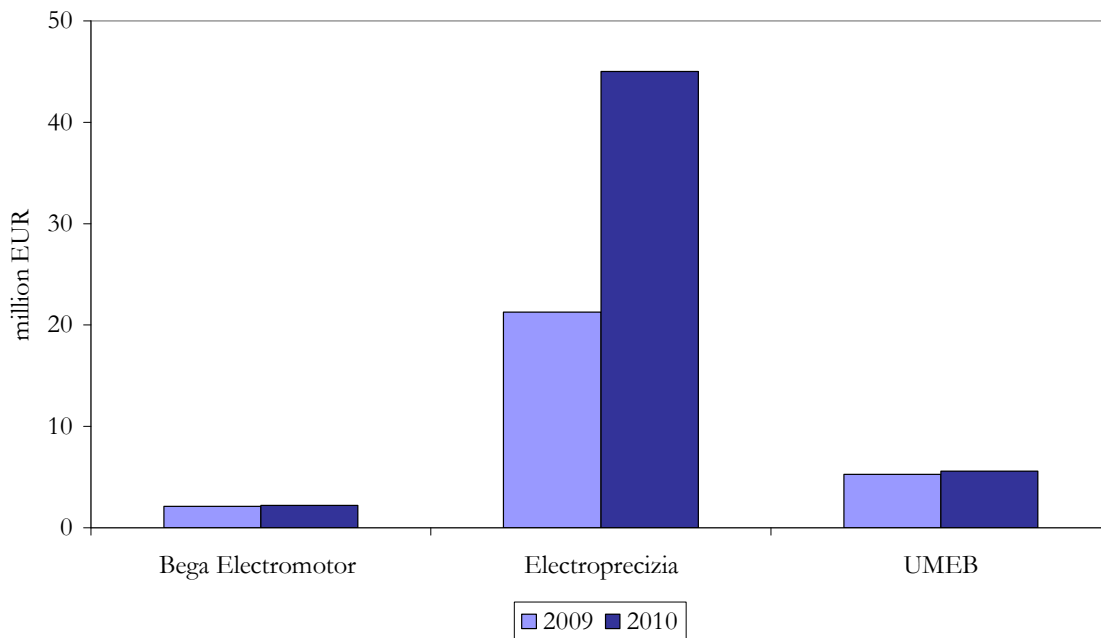
- **Bega Electromotor**, part of the Bega Group, produces three-phase electric motors, single-phase electric motors, electric motors for lifting equipment, motors for washing machines, special electric motors and pumps. The majority of the company's production is exported.
- **Electroprecizia** produces electrical motors, electrical and electronic equipment for auto vehicles, tools etc. The electrical motors produced by Electroprecizia and delivered on the external markets generated 90% of the company's turnover in 2010. The company's main client is ABB Asea Brown Bovevi. According to the company's representatives, Electroprecizia manufactures some 4% of the European production of electrical motors and some 1% of the world production of electrical motors.
- **Ana Imep** produces electric motors for white appliances, motors for automotive equipment etc. At present, Ana Imep exports some 97% of its production. The

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company's main market is represented by the European Union. Some of the company's business partners are Indesit, Fagor, Vestel, Franke, Valeo and Behr.

- **UMEB** manufactures electrical motors and generating sets. The company's clients are from the following sectors: mining, chemical, petrochemical, food, textile, metallurgical, construction materials, wood exploitation, processing industry etc. UMEB exports some 60% of its motor production to countries such as: Italy, Germany, Finland, Spain, UK etc.

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



Source: Ministry of Public Finances

5. INTERNATIONAL RELATIONS

Most of the companies in the industrial manufacturing sectors in Romania have a long tradition of international relations for:

- acquiring technology and equipment
- developing local production solutions for foreign companies
- exporting their products to foreign markets

For the short and medium term, Romanian industrial manufacturers foresee an increase in their collaboration with foreign companies in external markets as well as on the Romanian market.

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- business partner search & selection: identification and qualification of B2B distributors, importers, suppliers etc.
- product presentation and assessment of interest from clients / partners
- market opportunity assessment
- M&A advisory, business support and research
- identification of market opportunities: exports, sourcing, B2B sales etc.
- trade missions, business itineraries, inward buyer missions

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