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AUTOMOTIVE SECTOR DEVELOPMENTS IN CE AND SE EUROPE – H1 2018

**ROMANIA
CZECH REPUBLIC
SLOVAKIA
POLAND
BULGARIA
TURKEY**

- 1. PRODUCTION OF AUTO VEHICLES**
- 2. PRODUCTION OF AUTO COMPONENTS AND SPARE PARTS**
- 3. RECENT AND ANNOUNCED INVESTMENTS IN THE AUTOMOTIVE SECTOR**



1. PRODUCTION OF AUTO VEHICLES

1.1 Romania

- Automobile Dacia and Ford have produced in Romania 247,480 auto vehicles in the first six months of 2018.
- Automobile Dacia, acquired by the Renault Group in 1999, is the main producer of auto vehicles in Romania.
- Dacia produces in its plant in Arges county, Southern Romania, the following models of auto vehicles: Logan, Logan MCV, Logan MCV Stepway, Sandero, Sandero Stepway, Duster, Lodgy, Lodgy Stepway, Dokker, Dokker VAN.
- Dacia has produced 175,992 auto vehicles in the first six months of 2018, up by 3.2% compared to the same period of 2017.
- Ford has a plant in Craiova, SW Romania, acquired in 2008.
- Ford has produced 71,488 auto vehicles in Romania in the first six months of 2018, up by 147% compared to the similar period of 2017
- The local truck and bus manufacturer Roman and MHS Truck & Bus, the sole importer of Rheinmetall MAN Military Vehicles in Romania, have signed in August 2018 a joint venture agreement to produce multipurpose vehicle platforms for the Romanian Army. The joint venture is expected to create over 1,000 jobs in Romania.

1.2 The Czech Republic

- The Czech Republic is the biggest producer of passenger cars in the CEE.
- The vehicle manufacturing is the strongest industrial sector in the Czech Republic.
- The production of cars and LCVs in the Czech Republic has recorded 758,475 units in the first six months of 2018, up by 0.27% compared to the similar period of 2017.
- The production of cars and LCVs in the Czech Republic in the first six months of 2018 is split as follows: Skoda (62.91%), Hyundai (22.58%) and TPCA - Toyota Peugeot Citroen Automobile (14.52%).
- The Czech production of CVs has reached 431 units in the first six months of 2018.
- The production of buses in the Czech Republic in the first six months of 2018 has reached 2,375 units, an increase of 2.46% compared to the similar period of 2017.

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- The production of motorcycles in the Czech Republic has recorded 746 units in the first six months of 2018.
- Skoda, part of Volkswagen Group, has produced 477,131 auto vehicles in the Czech Republic in the first six months of 2018, up by 3.83% compared to the similar period of 2017.
- TPCA - Toyota Peugeot Citroen Automobile has produced 110,094 auto vehicles in the Czech Republic in the first six months of 2018, up by 1.81% compared to the same period of 2017.
- TPCA currently employs 2,700 people in its plant in Kolin, Czech Republic and is one of the biggest Czech exporters.
- Iveco is the main manufacturer of buses in the Czech Republic. It has produced 2,121 buses in the Czech Republic in the first six months of 2018, up by 2.61% compared to the same period of 2017.

1.3 Slovakia

- Slovakia has the highest per capita car production in the world.
- Slovakia is the second biggest producer of passenger cars in the CEE, after the Czech Republic.
- The vehicles production in Slovakia has recorded 1.025 million units in 2017.
- Slovakia is home to three car plants run by Volkswagen, Kia and PSA Peugeot Citroën. The three major carmakers and their subcontractors account for approximately 12% of the country's GDP.
- The Slovakian automotive industry will be further strengthened by the launching of the world class manufacturing facility of Jaguar Land Rover in H2 2018.
- Since the arrival of Volkswagen in 1991 in Slovakia, the automotive industry has become the pillar of Slovakia's economy and the engine of its growth.
- Volkswagen Slovakia is the largest private employer in Slovakia, the largest tax payer and one of the most important investors in the country.
- Kia produces in Slovakia the models Kia Venga, Kia cee'd and Kia Sportage.

1.4 Poland

- The production of passenger cars in Poland in the first six months of 2018 has recorded 261,300 units.
- The production of LCVs and CVs over 3.5t including truck tractors has reached 97,872 units in Poland in the first six months of 2018, up by 17.7% compared to the same period of 2017.

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- The Polish production of vehicles for public transport (buses to carry 10 persons or more) has reached 2,953 units in the first six months of 2018, an increase of 13.2% compared to the similar period of 2017.
- In Q2 2018, Fiat Chrysler Automobiles (FCA) has marked the production of 2,000,000 units of the iconic Fiat 500 at the Tychy plant in Poland.

1.5 Turkey

- The production of auto vehicles in Turkey has recorded 843,193 units in the first six months of 2018, out of which 557,269 passenger cars.
- The production of commercial vehicles in Turkey has recorded an increase of 6.9% in the first six months of 2018 compared to the same period of 2017, reaching 285,924 units.
- In 2017, Tofaş has been the biggest manufacturer of auto vehicles in Turkey, followed by Ford Otosan, Oyak Renault, Toyota and Hyundai Assan.
- Tofaş is a joint venture between Fiat Chrysler Automobiles (FCA), and Koc Holding. Tofaş has an annual manufacturing capacity of 400,000 vehicles.
- Ford Otosan is a joint venture between Ford and Koc Holding, which has began assembling Ford cars in 1984. Ford Otosan has three factories in Turkey.
- Oyak Renault is a joint venture between Renault and Oyak Turkish Group since 1969. It is one of the biggest Renault plant outside Western Europe. Oyak Renault is one of the most successful foreign direct investments in Turkey.

2. PRODUCTION OF AUTO COMPONENTS AND SPARE PARTS

2.1 Romania

- Romania is an attractive market for the foreign manufacturers of auto components.
- The manufacturing of the automotive components is a dynamic sector in Romania, benefitting from ongoing foreign investments, an educated and productive labour force and a long tradition of industrial manufacturing, metal working and casting.
- The domestic market of auto components is dominated by big foreign companies that have manufacturing facilities in Romania, such as: Continental, Michelin, Autoliv, Takata, Schaeffler, Johnson Controls, Pirelli, Delphi, TRW Automotive, Leoni, Draxlmaier, Yazaki, Daimler etc.

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- Key foreign manufacturers of automotive components have been attracted in Romania by the investments made by the domestic manufacturers of auto vehicles Automobile Dacia and Ford.
- In August 2018, various manufacturers of automotive components in Romania have recruited people in order to develop their activities. Some examples are the airbag manufacturer GST Automotive Safety Ro or the manufacturer of auto cables Leoni.
- The producer of automotive components Compa based in Sibiu, Centre Romania, has reached a turnover of approximately 85 mEUR in the first six months of 2018, up by around 8% compared to the similar period of 2017.
- The producer of automotive components VCST Automotive Production Alba, part of the Belgian Group VCST, estimates a turnover of 38 mEUR in 2018, up by approximately 46% compared to 2017.
- The producer of automotive batteries Rombat in Bistrita, NW Romania, controlled by Metair South Africa, has recorded a y/y turnover increase of approximately 10% in 2017, reaching around 85 mEUR.
- The producer of lighting systems Elba, based in Timisoara, Western Romania, has recorded a net profit of almost 4 mEUR in 2017, up by 55% compared to the previous year. Elba manufactures automotive lighting systems for Dacia-Renault or Skoda.

2.2 The Czech Republic

- The Czech automotive industry has the highest gross value added per employee in the CEE region.
- The automotive industry companies represent the backbone of the Czech economy.
- The Czech Republic has a century-long engineering tradition, well-developed infrastructure, skilled workforce and a strong innovation potential for R&D projects.
- The total production of automotive parts and equipment in the Czech Republic is estimated at around 16 bn EUR per year.
- Approximately 56 out of 100 global top Tier 1 suppliers have at least one of their locations in the Czech Republic.
- Some examples of leading automotive sub-sectors in the Czech Republic are: alternative fuel propulsions, auto security components, electric parts, advanced

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technologies and supplies for automotive parts manufacturers, in-car entertainment etc.

- Some examples of key foreign investors in the automotive components sector in the Czech Republic are: Valeo, Faurecia, Leoni, Bosch, Mahle, Magna, Continental, Schaeffler etc.
- Valeo is one of the Czech Republic's biggest employers in the automotive sector with around 4,000 employees on four sites.

2.3 Slovakia

- The automotive industry has a strong tradition in Slovakia and is the most important sector and driving force of the Slovak economy.
- Over the past 20 years, the automotive sector has been a significant source of foreign direct investment in Slovakia.
- The automotive industry in Slovakia has a share of 44% of the country's total industrial production.
- The automotive industry in Slovakia benefits from skilled and educated labour force, well-developed infrastructure, wide supplier network, growing R&D centers and innovation network and attractive investment incentives.
- Approximately 250,000 people are employed directly and indirectly by the automotive industry in Slovakia.
- Over 350 automotive suppliers operate in Slovakia. It is expected that the investment of Jaguar Land Rover in Slovakia will significantly expand the automotive supplier network.
- Some examples of major automotive Tier 1 and 2 suppliers in Slovakia are: Faurecia, Lear, Antolin, Magneti Marelli, Delphi, Continental, Leoni, Yazaki, Kromberg & Schubert, TRW Automotive, Mobis, Osram, Adient, DURA, Magna, Rehau, Yanfeng Automotive, Honeywell, Hella etc.
- Honeywell has entered the Slovakian market in 2011. The company has a manufacturing plant of turbochargers in Presov.

2.4 Poland

- The automotive industry is one of the most important economic sectors in Poland.
- The automotive industry accounts for approximately 3.8% of the total gross value added in Poland's economy.
- The automotive sector has a total industry share of around 10% in Poland.

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- The automotive industry is among the most efficient sectors in Poland, in terms of the average productivity per employee.
- The automotive industry in Poland benefits from well-developed infrastructure, high qualified employees with solid technical education and attractive incentives offer.
- A great opportunity for the automotive sector in Poland in the development of the R&D activity. Some examples of automotive manufacturers which have established successful R&D centres in Poland are: TRW, Delphi, Wabco, Faurecia, Nexteer, Tenneco, Eaton, Valeo, Mahle or GKN Driveline.
- Some examples of the largest automotive Tier 1 and 2 subcontractors in Poland: Valeo, Michelin, Mahle, Hutchinson, Autoliv, Yazaki, VOSS, Lear, Faurecia, Bridgestone, Delphi, Johnson Controls, Kongsberg etc.
- Kongsberg Automotive has a Greenfield production facility in Koluszki, Poland, opened in 2016. The Koluszki plant produces chassis products such as anti-roll bars and V-stay rods for top truck producers such as Scania, Volvo and DAF.

2.5 Bulgaria

- The automotive industry is developing at a fast pace in Bulgaria, accounting for over 5% of the GDP and employing over 47,000 people.
- The automotive industry in Bulgaria needs large industrial zones and 45,000 more employees in the next 3 – 4 years due to the expected growth in the component manufacturing.
- The automotive companies are present in all the Bulgarian regions, with the South Central as the most active area.
- The automotive companies in Bulgaria have production capacities for: electronics and electronic components, electric cabling, engines and engine components, power-train systems, interior and seats, locking systems, A/C systems, lightning and signalling systems, batteries and electric car components.
- Yazaki is one of the biggest employers in Bulgaria, with a team of around 5,500 people. Yazaki has three plants in Bulgaria. The business activity is focused on the production of wire harnesses for the automotive industry, with main clients Renault, Ford and Daimler.

2.6 Turkey

- Turkey is the 14th largest automotive manufacturer in the world.
- The automotive sector in Turkey has around 110 R&D centers.

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- Approximately 200,000 people are employed in the automotive industry in Turkey.
- The automotive is the leading industry in Turkey's exports with 18% share.
- Turkey exports 77% of the automotive production to more than 180 countries.
- The automotive players have long seen Turkey as a manufacturing opportunity, with a healthy supply of skilled workers and a central location for easy access to the EU, Eurasia and the Middle East.
- The players in Turkey manufacture components and parts for auto vehicles produced on the domestic and global markets, as well as for the OEMs and after market.
- Turkey has a strong automotive components sector. In the recent years, Turkey has developed a highly competitive automotive components industry, with a large capacity and a wide variety of products.
- The Turkish automotive and spare parts industry is concentrated in the Marmara Region.
- Brisa is a significant tyre producer in Turkey. Brisa manufactures tyres under the Bridgestone and Lassa brand names, for passenger cars, light commercial vehicles, buses, trucks, tractors and construction equipment. Brisa Turkey exports its products to over 60 countries.

3. RECENT AND ANNOUNCED INVESTMENTS IN THE AUTOMOTIVE SECTOR

3.1 Romania

- Continental invests 4 mEUR in its tire plant in Timisoara, Western Romania, for treating olfactory emissions. During 18 years of activity in Timisoara, Continental has invested over 460 mEUR in its tire factory and created more than 2,500 jobs.
- The producer of automotive components VCST Automotive Production, based in Alba, Centre Romania, has announced for 2018 investments of approximately 8.6 mEUR in new equipment to support the increase of the production capacity.
- The Turkish automotive components manufacturer Dogu Pres intends to invest 10 mEUR in the construction of a factory of parts for diesel and petrol injectors in Iasi, NE Romania. In the second stage of the project, the company plans to invest in the production of various types of auto pumps in Iasi.
- Röchling Automotive has completed in June 2018 the expansion of its plant in Oarja, Southern Romania, allowing it to supply advanced components to leading global vehicle manufacturers.

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- The German company Wielpütz Automotive has started in May 2018 the construction works at a car component factory in Craiova, SW Romania, with investments of 10 mEUR.

3.2 The Czech Republic

- Valeo invests around 35 mEUR to construct a new plant in Rakovník, the Czech Republic to manufacture sophisticated key components for self driving vehicles and automated parking. The new 13,300 sqm facility, due to be opened in 2019, will be equipped with 25 production lines. Furthermore, Valeo has completed in March 2018 a 4.8 mEUR extension project in its R&D centre in Prague.
- Lukov Plast, which produces injection moulded plastic parts, electronic components and electrical sub-assemblies for the automotive industry, has invested in a Nikon Metrology LC15Dx laser scanner. In a statement in June 2018, the Czech producer has announced that the investment in the laser scanner has considerably sped up the inspection cycles and feature measurements.
- For the implementation of the BMW project involving the construction of its new testing centre in Sokolov, Czech Republic, BMW Group and the Czech government have signed in June 2018 a Declaration on Cooperation. The new facility, which will cover approximately 500 hectares, will specialise in the development of the systems for the future autonomous vehicles.
- TPCA - Toyota Peugeot Citroen Automobile has commenced the production of the redesigned second-generation vehicles at its plant in Kolin, Czech Republic in May 2018.
- Skoda has opened in May 2018 a new competence centre at its production site in Kvasiny, Czech Republic. The company has invested a total of 13.5 mEUR in the new complex.
- International Automotive Components (IAC) has opened in March 2018 a production site for premium door panels in Prestice, Czech Republic, following investments of approximately 32 mEUR. The site covers an area of more than 32,500 sqm.

3.3 Slovakia

- The German automotive manufacturer Mubea plans to build a new plant in the industrial park in Kezmarok, Slovakia, with investments of 51 mEUR.

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- Brose plans to invest 57.4 mEUR in expanding its factory in Prievidza, Slovakia, which manufactures components for the automotive industry. 350 new jobs are expected to be created by the end of 2022.
- The US Group Adient plans to invest 3.5 mEUR to extend its foam parts production and assembly plant in Lucenec, Slovakia with the target to create around 105 new jobs by the end of 2019.
- Neuman Aluminium plans to build a new plant in Zarnovica, Slovakia. It will manufacture aluminium car parts. The investment is projected at 11.5 mEUR. Around 215 people are expected to start working at the plant by the end of 2018.
- Jaguar Land Rover moves in H2 2018 the production of Land Rover Discovery from UK to Slovakia. The company has invested approximately 1.4 bn EUR in building the plant in Nitra, Slovakia which is expected to have the annual capacity of 300,000 units.
- The Japanese company MinebeaMitsumi has opened its new plant in Kosice, Slovakia in June 2018. Employing around 1,100 people, the plant produces drive systems, BLDC engines, sensors and components, mostly for the automotive industry.

3.4 Poland

- The Italian compounder Sirmax will invest 30 mEUR in the construction of a second production plant in Kutno, Poland, with an extended product range. In the past two years, Sirmax has doubled the polypropylene compound capacity at its existing facility in Kutno to 80,000tpa. It serves the automotive and household appliance markets.
- The Korean producer LS Cable & System builds a plant in Dzierzoniow, Poland to produce components for power batteries for electric cars and conventional vehicles. LS Cable & System invests around 14.6 mEUR to establish the facility on a surface of 26,450 sqm.
- Umicore Belgium has announced in June 2018 it had chosen Poland for its first plant in Europe manufacturing cathode materials for electric vehicles. The factory will be based in Nysa, Poland and is due to start deliveries in late 2020. The investment will create up to 400 jobs in the first phase.
- The official topping-out of the Mercedes-Benz high-tech engine plant in Jawor, Poland has taken place in June 2018. The CO2-neutral factory will employ more than 1,000 people when starting production by the end of 2019.

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- The automotive filtration specialist Hengst has launched in May 2018 a new 15.5 mEUR manufacturing plant in Gogolin, Poland to produce vehicle fluid management modules. The facility covers 10,000 sqm.

3.5 Bulgaria

- The auto cable manufacturer Leoni plans to build its first plant in Bulgaria, with investments of 32 mEUR. The facility is scheduled to be fully operational by 2020. The plant is expected to create around 2,000 new jobs.
- The German auto line, connector and assembly producer VOSS Automotive plans to establish by June 2019 a manufacturing unit to produce automotive components in the North of Bulgaria. Initially, the company will invest around 7 mEUR.
- The producer of automotive electronic components Melexis plans to invest 75 mEUR over the next five years in expanding the Bulgarian operations. Melexis plans to double its production capacity in Bulgaria, to extend its R&D activities as well as its warehousing facilities, adding additional 15,000 sqm.
- The German company Festo will add a new servo-motor production unit to its Bulgarian plant, with investments of 25 mEUR.
- The Turkish-owned Odelo Farba Lighting Group has begun in July 2018 the construction of an auto lights plant in Plovdiv, Bulgaria, with investments of 40.6 mEUR. The first facility is scheduled for completion by 2020.

3.6 Turkey

- In May 2018, Hyundai has announced that it will add a new subcompact SUV model by 2021 to its plant in Izmit, Turkey, where it makes the i10 city car and i20 subcompact.
- After receiving an investment incentive for hybrid car production, Oyak Renault plans to launch the Ford Transit Custom's Plug-in Hybrid (PHEV) version produced at its Gölcük facilities in Turkey in the Q4 2018.
- The US supplier of exterior vehicle lighting systems Varroc Lighting Systems has acquired in July 2018 the company Sa-ba Automotive based in Istanbul, Turkey. Sa-ba Automotive has a 10,000 sqm manufacturing and technology center in Turkey and a new plant of 20,000 sqm under construction in Dimitrovgrad, Bulgaria. Sa-ba Automotive has more than 40 years of experience in interior and exterior small lighting products.

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- At the beginning of 2018, Renault has announced plans to move more production of its Clio subcompact car to Turkey.

Sources:

Automotive Manufacturers and Importers Association in Romania

Romanian Automobile Manufacturers Association

Automotive Industry Association of the Czech Republic

Automotive Industry Association of the Slovak Republic

Polish Automotive Industry Association

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Daily Sabah Business

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