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THE SWEDISH TRADE & INVEST COUNCIL



AUTOMOTIVE SECTOR IN SLOVAKIA

BASIC INFORMATION PACKAGE

1 December 2016

Prague

SLOVAKIA IS ONE OF THE MOST DEVELOPED KNOWLEDGE-BASED ECONOMIES IN CEE

- ▶ Strategic location in the middle of Europe
- ▶ Politically and economically stable
- ▶ One of few CEE EU member-states, which has adopted the Euro currency
- ▶ In CAGR terms, the fastest growing EU member state during the last 10 years
- ▶ 3,5% GDP growth y-o-y in 2015 (2,5% in 2014 and is expected to grow 3,2% in 2016)
- ▶ **Defined areas of interest for SE companies:**

Automotive	<ul style="list-style-type: none"> ▶ Largest part of the Slovak economy, with local production of VW, KIA and PSA Peugeot Citröen ▶ Leading car producers in world with 973 370 cars produced in 2014 ▶ 316 Tier 1-3 suppliers in the Slovak Republic– potential for SE companies both from the sales and sourcing perspective
Mechanical Engineering	<ul style="list-style-type: none"> ▶ Historically one of the most prominent segments of the Slovak economy, with great sourcing potential ▶ Focus on manufacture of: transport equipment, fabricated metal products, machinery and equipment ▶ Implementation of new technologies is the industry trend; potential for sourcing engineering parts
Wood processing	<ul style="list-style-type: none"> ▶ Slovakia has strong local supply of wood and has a long tradition in wood-processing ▶ Defined interest in supply from Sweden of: forestry machines, forestation and reforestation technologies, chemicals and fertilizers for the forestry sector, wooden buildings, equipment for the saw mills, raw materials for the pulp & paper industry
Healthcare	<ul style="list-style-type: none"> ▶ Extensive investments expected in the sector, mainly in the infrastructure, including a new hospital in Bratislava ▶ DRG and eHealth are planned to be implemented starting in 2016-17 ▶ Defined products and services of interest from Sweden: medical devices, therapy appliances, rehabilitation apparatus, etc.
Sourcing	<ul style="list-style-type: none"> ▶ Focus areas for sourcing: woodworking, mechanical engineering and automotive ▶ Benefits: proximity, advanced technical skills and knowledge, cost three-four times lower than in Sweden, upgraded local manufacturing facilities, similar business culture, many SMEs allowing to work with small series and volumes

SOURCE: EUROPEAN COMMISSION, BUSINESS SWEDEN ANALYSIS



SLOVAK AUTOMOTIVE – SNAPSHOT

Output

1 mln



1 040 025 cars produced in 2015

1 350 000 will be planned when Jaguar factory is operational

Per capita



178 cars produced per 1000 inhabitants

The global leader in car production per capita

Export and added value



17 bn € value of industrial export generated by the automotive industry

2,5 bn € added value in the automotive industry

Suppliers



300

More than 300 suppliers operate in Slovakia

Arrival of Jaguar Land Rover is supposed to bring more suppliers

Salaries €



Industry employment



200 000 people employed directly and indirectly by the automotive industry

80 000 employed directly by the 3 OEMs (VW, PSA, Kia) and major Tier 1 suppliers

R&D



Recent trend – gradually more and more companies establish R&D facilities in the Slovak Republic

Examples are: Johnson Controls, Leoni, Continental Automotive, ZKW Slovakia, INA Schaeffler, Yanfeng

Education



100+ Technical vocational secondary schools

5 purely technical universities

32 technical faculties

45 453 students in technical fields

R&D: Johnson Controls - part of the global R&D network for seat systems; Leoni – development of car cable systems; Continental Automotive – development of car calipers, INA Schaeffler – development of rolling and ball bearings, Yanfeng – engineering center for interior systems; ZKW – lighting systems;

KEY FINANCIAL INDICATORS OF THE SLOVAK AUTOMOTIVE INDUSTRY

Parameters of the Slovak Automotive Industry 2014	Revenues in EUR	Costs in EUR	Added value in EUR	Direct employees	Added value / employee in EUR	Employees in R&D
Total	36 801 882 719	35 581 714 768	4 845 557 758	125 848	38 503	1 434
OEMs	13 316 486 288	12 742 834 094	1 448 955 467	15 906	91 095	0
T1	20 135 140 927	19 554 322 268	2 697 856 403	75 595	35 688	1 291
T2	2 066 409 750	1 963 778 556	454 074 964	19 404	23 401	42
T3	1 283 845 754	1 320 779 850	244 670 924	14 943	16 374	101



OEMS IN SLOVAKIA



Largest investment in Europe in the last 7 years

2015 established
2018 start of operations
300, 000 capacity

2 800 estimated number of employees

Models Premium SUVs

Announced investment: establishment of the new manufacturing facility (1,5 bn € investment)

1991 established
394, 474 vehicles produced
€ 6,17 bn sales in 2014
9 900 number of employees

Models VW Touareg, Audi Q7, VW Up!, Škoda Citigo, SEAT Mii, Porsche Cayenne, body in white for Bentley Bentayga

Announced expansion: construction of new SUV bodyshop (1 bn € investment)



The only plant in the world producing 6 brands under one roof



The most profitable plant in the PSA group

2003 established
303, 025 vehicles produced
€ 2,08 bn sales in 2014

3 500 number of employees

Models Peugeot 2008, Citroen C3 Picasso

Announced expansion: start of new Citroen model production in 2017

2004 established
338, 000 vehicles and
582, 000 engines produced
€ 4,59 bn sales in 2014
3 800 number of employees

Models Kia cee'd, Kia cee'd Sportswagon, Kia pro_cee'd, Kia Sportage, Kia Venga

Announced expansion: extension of production facilities (140 mln € investment)



Kia's first and only factory in Europe

Car manufacturer in Slovakia with its own engine production



AUTOMOTIVE SUPPLIERS IN SLOVAKIA

Interior modules, dashboards

Daejung, Faurecia, Eurostyle Systems, Reydel Automotive, Hanil E-Hwa, IAC Group, Koam, LPH Vranov, Synothec, Lear Corporation, SAS Automotive, Grupo Autolin, Treves, Eissmann, Z Industries, CRW Slovakia, Bourbon Automotive Plastics, Magna Interiors, Magnette Marelli, Mobis Slovakia

Wiring harnesses and electronic components

Delphi Slovensko, Leoni, SE Bordnetze, Calearo, Yazaki, Kromberg & Schubert, JohrAmont, Yura Corporation, Pretti, Konfektion E, CRT Electronic, Dong Yang E&P, Panasonic Industrial devices, Molex, Mkem, SIIX EMS, Sluzba Nitra, MTA, Cemm Thome

Air Conditioning

Hanon Systems Slovakia, Delphi Slovensko

Shock Absorbers

Plastic Omnium, Mobis, Rehau, Matador

Springs

C.E.P. Scherdel, PFS, Subtil Slovakia

Textiles, covers, leather

Eissmann Automotive, Adtool, Howe, IAC Group, Jobelsa, Heiland Sinoc Automotive, Automotive Group SK< Treves, Trim Leader

Bearings

Kinex, Omnia KLF, GGB, Danex, Ina Kysuce, Skalica, Mahle, ZVL Auto

Tyres, balance weights

Continental Matador Rubber, Continental Matador Truck Tires, Rotobalance, Bekaert

Steering wheels

AD Tool, TRW Automotive

Seats

Johnson controls Faurecia Lear Corporation

Seals and silentblocks and other rubber components

Aldobec, Cikautxo, Coba Automotive, Dongil, Rubber Belt, Elastomer Solutions, Eldisy, Mikon, Rubena, Vegum, SaarGummi, Contitech, Boge ElastMetall

Antenas

Calearo

Exhaust systems

Tajco, Sejong, Faurecia, Matador Automotive, Liaz

Safety equipment

Garay Belt & Buckle IEE Sensing

Mirrors

Magna

Fuel tanks and systems

Plastic Omnium Auto Inergy, Donghee, Martinrea, Nobel Automotive, Coavis, Oerlikon, Hyundam

Modul RearEnd

Mobis

Brakes, brake systems, dampers

Fragokov, Continental Automotive Systems, Europalt, FTE Automotive, HUHN PressTech, Nobel Automotive, TI-Hanil, TI Automotive, Mobis, Akeboro Brake

Body and body stampings

ArcelotMittal Gonvarri SSC, Comax TT, Autotest Bratislava, Benteler, Matador, Svec a Spol, Donghee, Tower Automotive, Bekaert, Dura Automotive, Sungwoo Hitech, Farguell

Cabrio Systems

Webasto Donghee, Matador, Webasto Edscha Cabrio, Inalfa Roof Systems, Inteva Products

Plastic components

Polytec, Fremach Slovakia, HTP, Thermoplastic, Nobel Automotive, Bourbon Automotive, Rehau, RF, K-Plast, MTA, Steep Plast, Z Industries, Polytec Composites

Engine, engine parts & components

Mobis, Pankl, Miba Sinter, Nemak, Getrag Ford Transmissions, MAR SK, Hrinovske Strojarne, ZF, Noneywell Turbo, CCN Group Slovakia, Migneti Marelli, Europalt, Miba Steeltec, ZWL Slovakia, HUHN PressTech, Plastic Omnium, Nissens, Mahle Behr, GeWis, Panasonic-Sanyo

Exterior lights

Osram, Sec, Cemm Thome, Hella Front Lightning, Hella Signal Lightning, Sluzba Nitra, ZKW, Hella Innenleuchten

Ca 300 suppliers
Tier 1: 88, mostly global, 6 Slovak, 57 of them have purchasing teams in Slovakia

Tier 2: 80 total, 18 of them are Slovak

Driveline, Mechanical Operations

Kuster, Gamma, Kongsberg Automotive, Bauer Gear Motor

Modul Front End

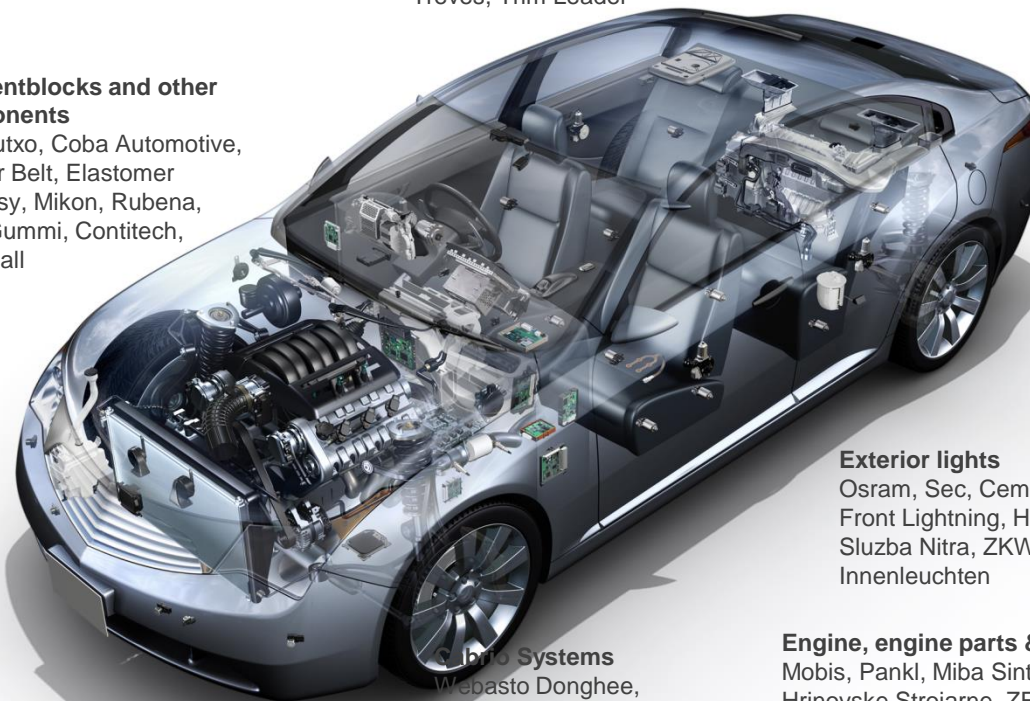
HBPO., Mobis, Faurecia

Suspensions

Donghee, iljin

Door systems & modules

Brose, PHA Slovakia, Dura Automotive, Bourbon Automotive Plastics, Pyeong Hwa Automotive, Slovakian Door Company, U-Shin, Dongwon, Faurecia, Grupo Antolin





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