

INDUSTRIAL MANUFACTURING IN EMERGING EUROPE

DEMO REPORT BY FRD CENTER

MARCH 2019





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This free analysis is produced by FRD Center – www.frdcenter.ro - one of the pioneer privately owned independent market entry consulting and M&A advisory firms in Romania as a promotional sample-report.

Since 2000, FRD Center offers tailor-made market research and intelligence, B2B matchmaking and M&A consulting services to foreign companies and organisations interested to enter Romania and the emerging markets in Europe as exporters, consultants, investors or joint-ventures, to relocate their operations, or to source in CE, SE and Eastern Europe.

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**As part of the CSR activity, FRD Center endorses the
Sibiu International Theatre Festival FITS (SibFest) - www.sibfest.ro**

**The Sibiu International Theatre Festival is the most complex festival in Romania.
Internationally, it is recognised as one of the most important performing arts
festivals in Europe, alongside Edinburgh International Festival (Great Britain) and
Avignon Festival (France).**





ROMANIA

The Romanian industrial production index has increased by 3.5% in 2018, driven mainly by the manufacturing sector, where the output has increased by 4.3% compared to 2017.

Among the most important Romanian manufacturing sectors, the automotive and the electric parts production has seen the highest growth rates in 2018, of +13.5% and +17.1% respectively.

In regards to the goods production in Romania, in 2018 the output of capital goods and of intermediary goods has increased by 7.9% and 5.6% respectively.

Recent investments in industrial manufacturing, new production plants, new technologies in Romania

The French automotive producer **Renault** has started in December 2018, at its Romanian subsidiary Automobile Dacia, the production of a new engine, petrol-based IG-T100 with a capacity of 1 litre.

It is an engine with three in-line cylinders that deliver 74kW power at 5,000 rpm.

Automobile Dacia, acquired by the Renault Group in 1999, is the main producer of auto vehicles in Romania.

The German group **Pfeiffer Vacuum** has launched in September 2018 a new factory producing components for vacuum pumps in Cluj county, NW Romania, following an investment of 13 mEUR.

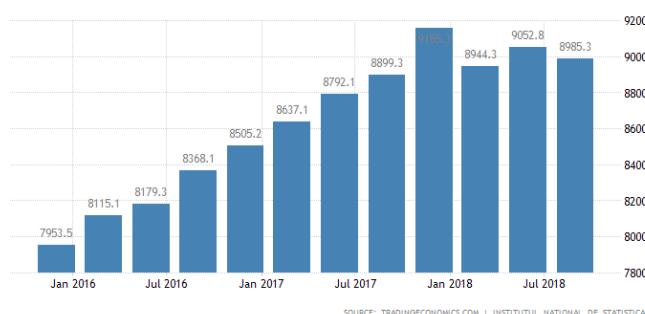
The new production unit covers 4,500 sqm. Pfeiffer Vacuum has been operating in Romania since 2003.

The French group **Saint-Gobain** has reopened in October 2018 its glass wool factory in Ploiesti, Southern Romania, following an investment of 5 mEUR in modernising the production line. Saint-Gobain is one of the biggest construction materials producers in Romania.

Romanian GDP from industrial production

According to Trading Economics, the GDP from manufacturing in Romania has decreased to 8,985.30 million RON in the third quarter of 2018 from 9,052.80 million RON in the second quarter of 2018.

The GDP from manufacturing in Romania has averaged 6,869.22 million RON from 1995 until 2018, reaching an all time high of 9,155.30 million RON in the fourth quarter of 2017.

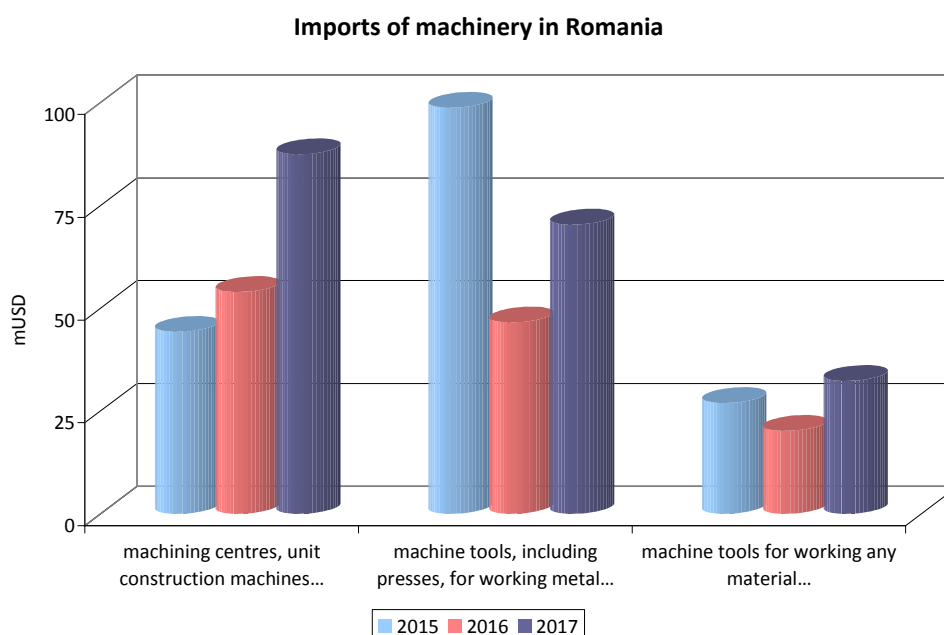


Machine-tools imports in Romania

The Romanian imports of machining centres, unit construction machines (single station) and multi-station transfer machines, for working metal (TARIC 8457) have registered 87.5 mUSD in 2017, **up by 62.1%** compared to the previous year.

Furthermore, the imports 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 (TARIC 8462) have recorded 70.4 mUSD in Romania in 2017, **up by 51.1%** compared to 2016.

The imports of machine tools for working any material by removal of material, by laser or other light or photon beam, ultrasonic, electrodischarge, electrochemical, electron beam, ionic-beam or plasma arc processes, water-jet cutting machines (TARIC 8456) have recorded 32.3 mUSD in Romania in 2017, **up by 60%** compared to 2016.



Source: Comtrade, FRD Center



Importers of machine tools in Romania – examples

INMAACRO (www.inmaacro.com) imports and distributes in Romania a wide range of machine-tools, cutting tools, measuring and control machines, automation systems, accessories etc. Some examples of brands in its portfolio are: Zeiss, Marposs, Zoller, Alzmetall, Index, Traub, Extrude Hone etc. INMAACRO has recorded in 2017 a net turnover of 8.4 mEUR, up by 7% compared to 2016. The company has approximately 40 employees.

Vigra Marketing & Services (www.vigra.ro) is an importer-distributor of a wide range of machine-tools on the Romanian market. Some examples of brands in the firm's portfolio are: Sandvik Coromant, Ingersoll Rand, BAHCO, Mitutoyo, GEKA etc. The company has registered a net turnover of 6.1 mEUR in 2017, up by 9% compared to 2016. It has over 40 employees.

Founded in 1993, **Mafcom Prod Impex (www.mafcom.ro)** imports and distributes in Romania cutting tools, hand tools, welding equipment and materials, assembly elements, materials and products for industrial manufacturing and constructions etc. Some brands in the firm's portfolio are: Ferm, Rems, Lincoln Electric. The company has reached a net turnover of 4.8 mEUR in 2017, up by 6% compared to 2016. It has over 30 employees.



POLAND

In 2018, the sold production of industry in Poland has been by 5.8% higher than in 2017, driven mainly by electricity, gas, steam and air conditioning supply (+9%), water supply, sewerage waste management and remediation activities (+6.1%) and manufacturing (+5.7%).

Recent investments in industrial manufacturing, new production plants, new technologies in Poland

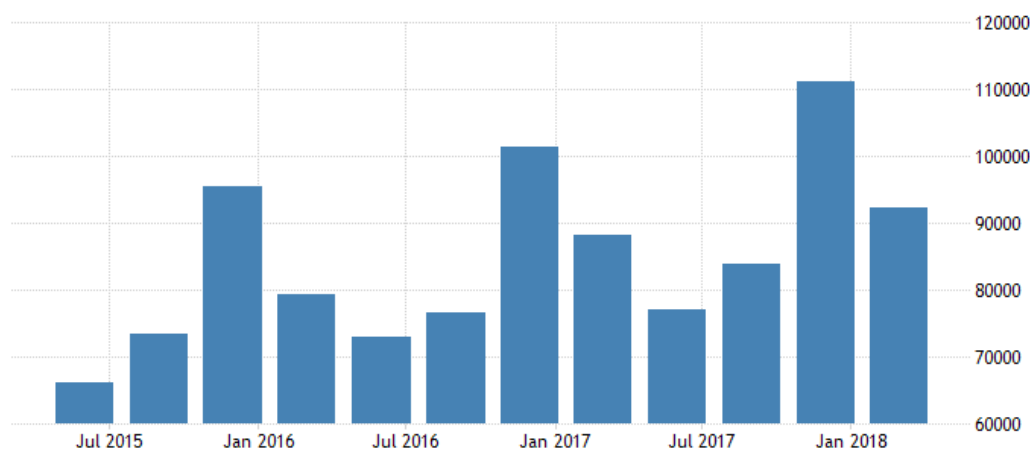
The **Opel** plant in Tychy, Poland has inaugurated in January 2019 the new assembly line for the Turbo PureTech 3-cylinder petrol engines. The engines are used in vehicles produced by the PSA Group.

The Austrian manufacturer **Amiblu** has opened in October 2018 a new production hall for glass-fibre reinforced plastics (GRP) fittings in Dabrowa Gornicza, Poland. The new 4 mEUR production hall covers 1,500 sqm.

The Norwegian car components manufacturer Kongsberg Automotive has opened in October 2018 its third plant in Poland, with investment of around 35 mEUR. The new plant produces vehicle fuel and air ducts and heating mats for car seats.

Poland GDP from industrial production

According to Trading Economics, the GDP from manufacturing in Poland has decreased to 92,144.40 million PLN in the first quarter of 2018 from 111,187.40 million PLN in the fourth quarter of 2017. The GDP from manufacturing in Poland has averaged 59,516.16 million PLN from 2003 until 2018, reaching an all time high of 111,187.40 million PLN in the fourth quarter of 2017.

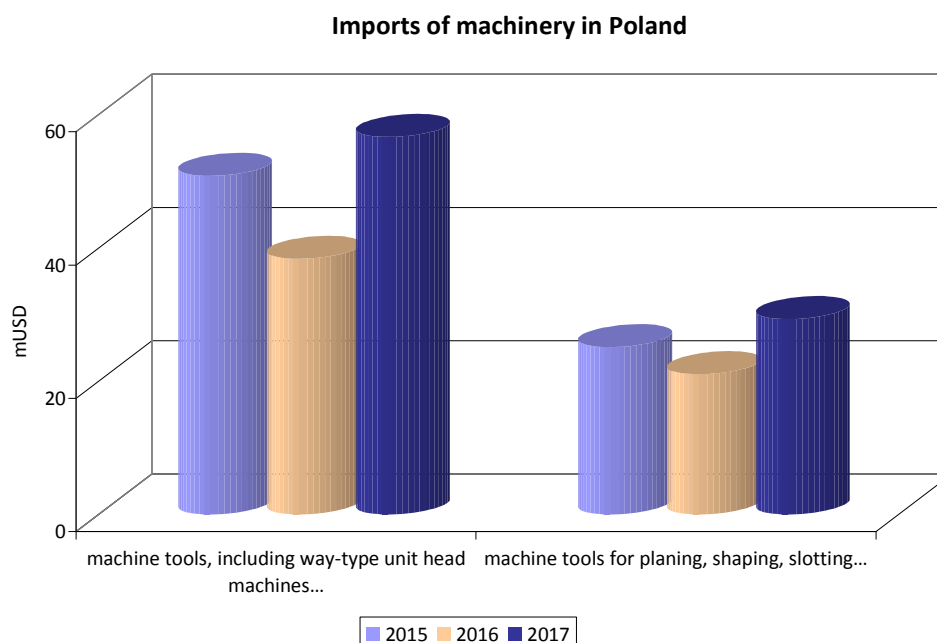


SOURCE: TRADINGECONOMICS.COM | CENTRAL STATISTICAL OFFICE OF POLAND (GUS)

Machine-tools imports in Poland

The imports of machine tools, including way-type unit head machines, for drilling, boring, milling, threading or tapping by removing metal (TARIC 8459) have recorded 56.6 mUSD in 2017 in Poland, **up by 47.6%** compared to 2016.

Furthermore, the imports 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 cermet, not elsewhere specified or included (TARIC 8461) have reached 29.3 mUSD in Poland in 2017, **up by 39.4%** compared to 2016.



Source: Comtrade, FRD Center

Importers of machine tools in Poland – examples

MAR Tools (www.mar-tools.com.pl) imports and distributes on the Polish market CNC machine tools, CNC routers, CAD / CAM solutions etc. Some examples of brands in the company's portfolio are: Pramet, Metabo, Pferd, Beta, Haupa etc.

MDT Wadowski (www.mdt.net.pl) is a Polish importer-distributor of machine tools. Some foreign brands imported by the company are: Chmer, AMS Tech, Extron, Johnford, Awea, Perfect, Hongji or Zayer.



SERBIA

The industrial production in Serbia in 2018 has been by 1.3 % higher compared to 2017. In 2018 compared to 2017, the manufacturing sector in Serbia has increased by 1.9%.

In the manufacturing sector in Serbia, significant growth rates in 2018 compared to 2017 have been recorded by manufacture of other transport equipment (+11.8%), manufacture of basic metals (+10.6%), manufacture of machinery and equipment n.e.c. (+8.4%), manufacture of other non-metallic mineral products (+7.7%), manufacture of coke and refined petroleum products (+7.2%) etc.

In regards to the goods production in Serbia, in 2018 the output of capital goods has **increased by 15.8%** compared to 2017.

Recent investments in industrial manufacturing, new production plants, new technologies in Serbia

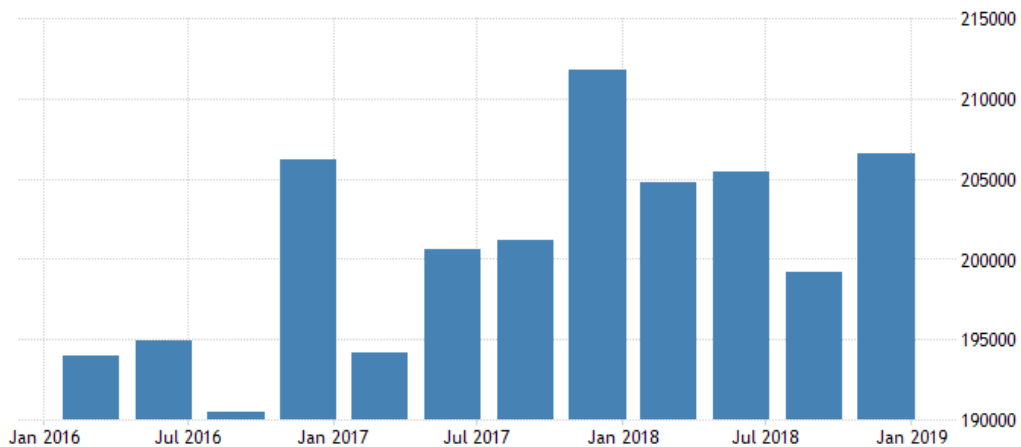
Siemens has opened in November 2018 a plant for aluminium passenger train car bodies in the industrial zone of Kragujevac, Serbia. The first finished products are delivered to the Austria's railway network.

The German car parts manufacturer Vorwerk Autotec has started in July 2018 the construction of a factory in Cacak, Serbia. Vorwerk plans to invest 43 mEUR in the new factory. The plant will produce bushings and sealings for Audi, BMW, Mini, Volkswagen and Porsche cars.

The automotive components producer Novares has launched in October 2018 a 5.25 mEUR extension to its plant in Zrenjanin, Serbia. The investment includes a new clean room with two production lines for engine components with infrared welding, automatic component assembly and leak testing sections. The clean room has the capacity to turn out one million parts per year.

Serbia GDP from industrial production

According to Trading Economics, the GDP from manufacturing in Serbia has increased to 206,544.10 million RSD in the fourth quarter of 2018 from 199,176.50 million RSD in the third quarter of 2018. The GDP from manufacturing in Serbia has averaged 163,858.19 million RSD from 1996 until 2018, reaching an all time high of 211,829.20 million RSD in the fourth quarter of 2017.



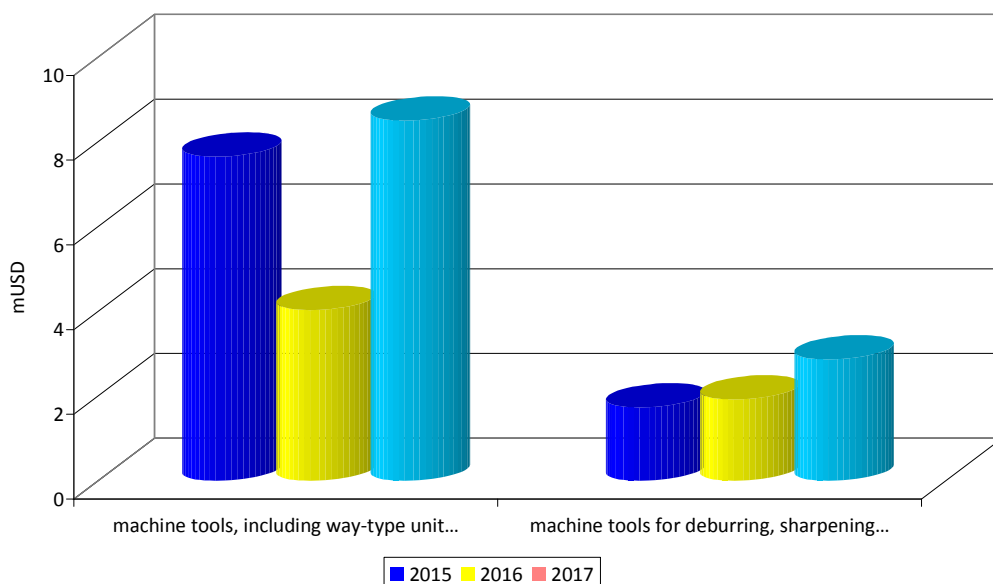
SOURCE: TRADINGECONOMICS.COM | STATISTICAL OFFICE OF THE REPUBLIC OF SERBIA

Machine-tools imports in Serbia

The imports of machine tools, including way-type unit head machines, for drilling, boring, milling, threading or tapping by removing metal (TARIC 8459) have recorded 8.5 mUSD in Serbia in 2017, **up by 111%** compared to 2016.

Furthermore, the Serbian imports 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 (TARIC 8460) have recorded 2.9 mUSD in 2017, **up by 49.2%** compared to 2016.

Imports of machinery in Serbia



Source: Comtrade, FRD Center



HUNGARY

In 2018 compared to 2017, the industrial production in Hungary has increased by 3.6%. The Hungarian manufacturing sector has been 3.7% higher in 2018 compared to the previous year.

Recent investments in industrial manufacturing, new production plants, new technologies in Hungary

FAG Hungary, part of the **German Group Schaeffler**, has inaugurated in January 2019 a bearings factory in Debrecen, Eastern Hungary, creating 500 jobs, following an investment of almost 80 mEUR. The investment has been supported with a grant from the Hungarian government.

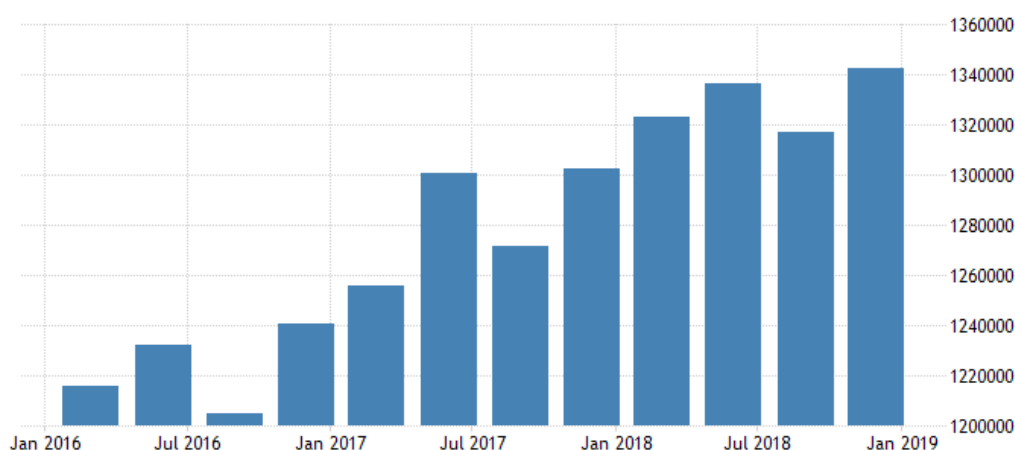
The composite light plane manufacturer Magnus Aircraft has launched serial production at its new factory in Pecs, Hungary in October 2018. The 1,900 sqm assembly plant has the capacity to turn out 100 aircrafts a year.

Apollo Tyres has started in September 2018 the production of the truck tyres at its plant in Gyongyosalasz, Hungary. The first Apollo Endurace RT HD 385/65

R 22.5 truck tyres have been delivered to a Belgian company specialised in transportation of construction materials. At full capacity, the Hungarian plant produces 5.5 million passenger and light truck tires per year and 675,000 commercial tires per year.

Hungary GDP from industrial production

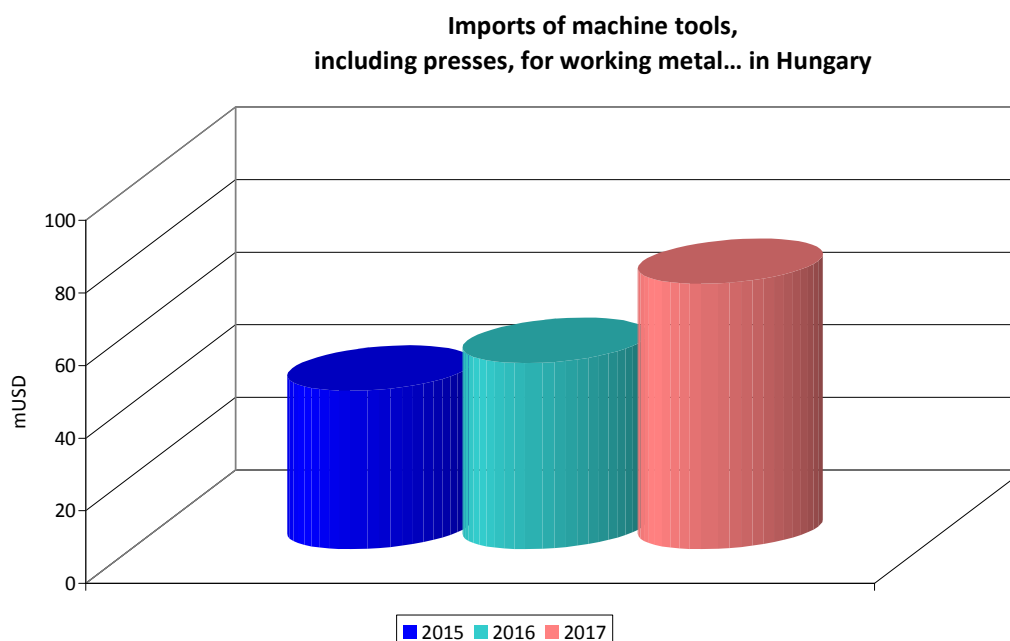
According to Trading Economics, the GDP from manufacturing in Hungary has increased to 1,342,380 million HUF in the fourth quarter of 2018 from 1,317,010 million HUF in the third quarter of 2018. The GDP from manufacturing in Hungary has averaged 991,022.94 million HUF from 1995 until 2018, reaching an all time high of 1,342,380 million HUF in the fourth quarter of 2018.



SOURCE: TRADINGECONOMICS.COM | HUNGARIAN CENTRAL STATISTICAL OFFICE

Machine-tools imports in Hungary

The imports 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 (TARIC 8462) have recorded 73.2 mUSD in Hungary in 2017, **up by 42.5%** compared to 2016.



Source: Comtrade, FRD Center

Importers of machine tools in Hungary – examples

Kerl Hungaria (www.termekeink.kerl.hu) imports and distributes a variety of machine tools, sawing, welding, cutting and grinding machinery in Hungary. Some examples of brands in its portfolio are: BDS, Epple, DoALL, Rotabroach, Metabo etc. The company has been founded in 2004.

Set up in 1994, **Mayer-Szerszam** (www.mayer-szerszam.hu) imports and distributes a wide range of tools and machinery on the Hungarian market. Its portfolio includes: hand tools, welding devices, electric small appliances, saws, fasteners etc. Some examples of brands distributed by the company are: Pferd, Norton, Bessey, Bomar etc.

LITHUANIA

Under preliminary data, the value of the total industrial production in Lithuania in 2018 has totalled 22.6 bn EUR at current prices and, compared to 2017, has increased by 4.8% at constant prices and by 5.1% calendar adjusted.

Recent investments in industrial manufacturing, new production plants, new technologies in Lithuania

The Swiss company **EuroChem** has opened in October 2018 a new production plant for highly efficient, water-soluble fertilisers at its Lifosa subsidiary in Lithuania. Over 14 mEUR has been invested in the construction of the new plant. Lifosa has been part of the EuroChem group since 2002.

The German manufacturer Hella has inaugurated in September 2018 a new vehicle lighting electronics components plant in Lithuania. The 30 mEUR facility is located in Kaunas.

The producer of polyethylene terephthalate (PET) granules **NEO Group** has launched in July 2018 a new production line at its facility in Klaipeda, Lithuania. This 50 mEUR investment allows the company to increase the production capacity by 50%.

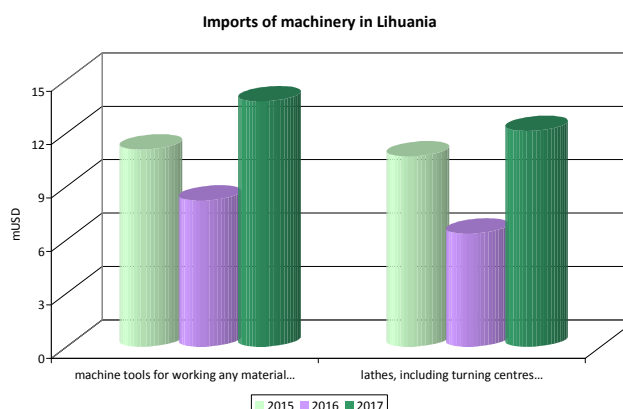
Lithuania GDP from industrial production

According to Trading Economics, the manufacturing, value added (% of GDP) in Lithuania has been reported at 18.88 % in 2016, according to the World Bank collection of development indicators, compiled from officially recognised sources.

Machine-tools imports in Lithuania

The imports of machine tools for working any material by removal of material, by laser or other light or photon beam, ultrasonic, electrodischarge, electrochemical, electron beam, ionic-beam or plasma arc processes, water-jet cutting machines (TARIC 8456) have recorded 13.8 mUSD in 2017 in Lithuania, **up by 67.8%** compared to the previous year.

Furthermore, the imports of lathes, including turning centres, for removing metal have recorded a y-o-y **increase of 90.7%** in 2017, reaching 12.1 mUSD.



Source: Comtrade, FRD Center



Importers of machine tools in Lithuania – examples

Infleks (www.infleks.lt) is an importer-distributor of industrial machinery in Lithuania. Its portfolio includes CNC machines, cutting machines, milling machines, drilling machines, grinding machines, presses, saws, lathes etc. Some examples of brands distributed by the company are: Altendorf, SCM, Putsch Meniconi, Stromab, Centauro etc.

CZECHIA

In 2018, the industrial production in Czechia has increased by 3% compared to 2017.

The following sectors have contributed the most to the y-o-y growth of the industrial production in Czechia in 2018: manufacture of computer, electronic and optical products (contribution +0.44 p.p., **growth by 13.7%**), manufacture of fabricated metal products (contribution +0.43 p.p., growth by 4.1%) and manufacture of electrical equipment (contribution +0.36 p.p., growth by 5.5%).

The value of the new orders in selected industrial CZ-NACE activities has increased by 3.7%, y-o-y in 2018.

Recent investments in industrial manufacturing, new production plants, new technologies in Czechia

The medical components manufacturer **Osyпка** has launched in December 2018 a

The Canadian automotive component manufacturer Magna has opened in October 2018 a new manufacturing plant in Chomutov, NW Czechia. The new car seat manufacturing plant covers 6,000 sqm and supplies its products in different configurations for several BMW car models.

4,400 sqm plant expansion, extending its production capacity on a new site in Odry, East of Czechia. The extension is part of an investment of around 4 mEUR.

Varroc Lighting Systems has opened in October 2018 a 7,000 sqm lighting production hall at its plant in Rychvald, Eastern Czechia. The new hall produces

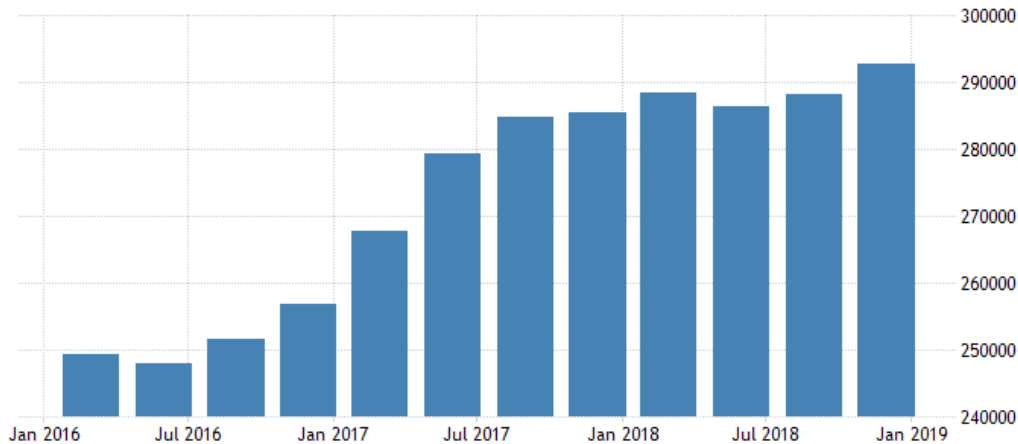
rear lamps and smart headlamps with LED and Matrix technologies. The overall production capacity at the plant is expected to reach 1 million lamps a year. The facility includes five lines, including fully-automated injection moulding machines, hard-coat lines for UV protection and surface treatment and lamp assembly lines.

Czechia GDP from industrial production

According to Trading Economics, the GDP from manufacturing in Czechia has increased to 292,778 million CZK in the fourth quarter of 2018 from 288,233 million



CZK in the third quarter of 2018. The GDP from manufacturing in Czechia has averaged 178,173.61 million CZK from 1996 until 2018, reaching an all time high of 292,778 million CZK in the fourth quarter of 2018.



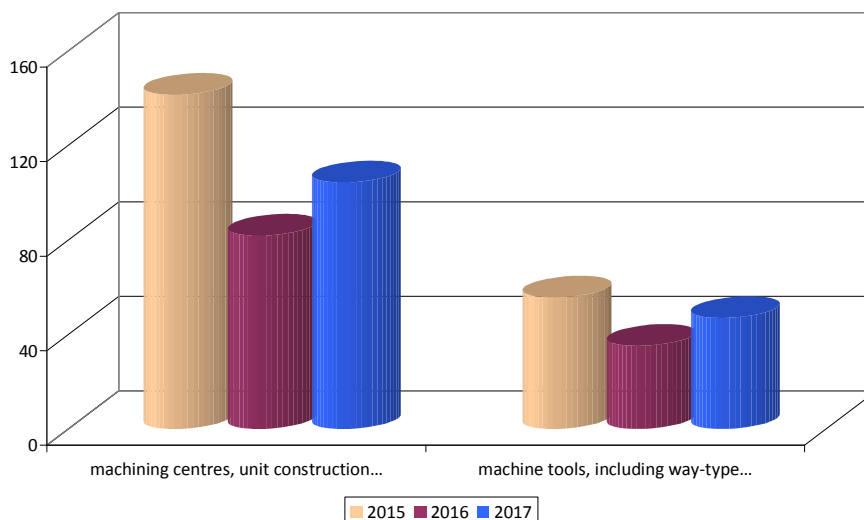
SOURCE: TRADINGECONOMICS.COM | CZECH STATISTICAL OFFICE

Machine-tools imports in Czechia

The imports of machining centres, unit construction machines (single station) and multi-station transfer machines, for working metal (TARIC 8457) have registered 104.4 mUSD in 2017 in Czechia, up by 27.6% compared to the previous year.

Furthermore, the imports of machine tools, including way-type unit head machines, for drilling, boring, milling, threading or tapping by removing metal (TARIC 8459) have recorded 47 mUSD in Czechia in 2017, up by 33.7% compared to 2016.

Imports of machinery in Czechia



Source: Comtrade, FRD Center



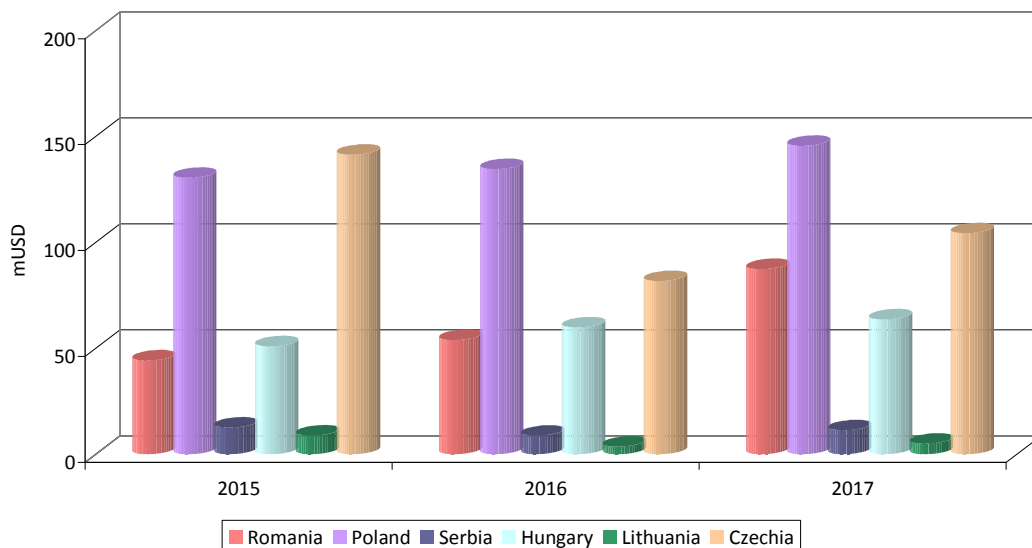
Importers of machine tools in Czechia – examples

BOS HK (www.bos-teplice.cz) imports and distributes an extensive variety of machine-tools in Czechia. Some examples of brands in its portfolio are: STANLEY, Stimzet, Mitutoyo, Mahr etc.

Tecnotrade Obrabeci Stroje (www.wwww.tecnotrade.cz) imports and distributes a wide range of machine-tools in Czechia. Some examples of brands distributed by the company are: AWEA, Doosan, Samchully etc.

Multi-country FRD Center analysis of Imports of machining centres, unit construction machines (single station) and multi-station transfer machines, for working metal (TARIC 8457)

Imports of machining centres, unit construction machines (single station) and multi-station transfer machines, for working metal



Source: Comtrade, FRD Center



Market entry with FRD Center

FRD Center is monitoring the market opportunities on the Industrial Manufacturing, Automotive, Machine-Tools, Technology sector in CE Europe, Eastern Europe and SE Europe.

Upon demand, FRD Center analyses the export and the procurement opportunities for international manufacturers of machinery and equipment, automotive components, OEMs.

For over 18 years, FRD Center facilitates commercial relations between foreign manufacturers, investors, exporters with local key decision makers and provides B2B matchmaking, Trade Missions, Inward Buyer Missions, Roundtables etc.



For tailored Market Research, New supplier qualification, B2B Matchmaking with local players in the sector, Deal Origination and M&A assistance feel free to contact

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