

# HUNGARY

*SMART. AMBITIOUS. COMPETITIVE.*

Robert Ésik  
CEO  
HIPA

*9<sup>th</sup> October 2019*

# Macroeconomic overview



Record GDP growth

**5,2 %**

Employment  
rate

**70,2 %**

Favourable tax  
environment

**9 %**



**HUNGARY**  
**SMART.**  
**AMBITIOUS.**  
**COMPETITIVE.**

Family Protection Action  
Plan and Economy  
Protection Action Plan

Investment grade with  
stable/positive outlook

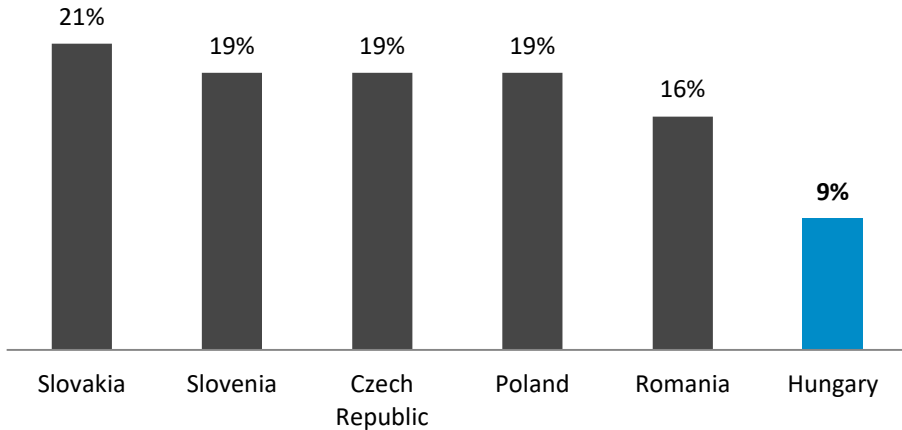
JCRA  STANDARD  
& POOR'S  
Fitch Ratings MOODY'S

Building a  
„workfare” society

*Increase capital intensity in the economy*

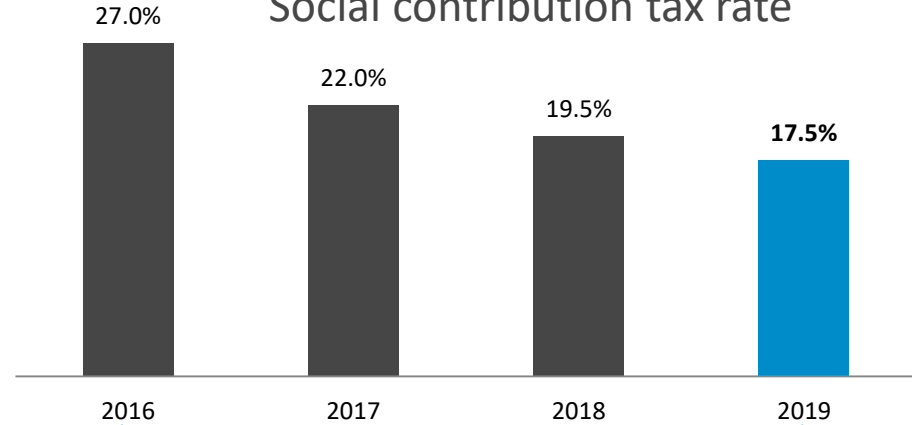
# Extremely business friendly

**Lowest taxes :**  
**9% flat rate**  
 corporate income tax



Corporate income tax rates, 2018

## Reducing tax burden on labour Social contribution tax rate



- 9.5pp



## We listen to companies

E.g. CIT rate, R&D tax advantages, New incentives for Industry 4.0 and R&D projects, Labour mobility measures, Dual education

# Foreign trade focus



MINISTRY OF  
FOREIGN AFFAIRS AND TRADE  
OF HUNGARY



HEPA

Hungarian Export  
Promotion Agency

One-stop-shop management consultancy services  
New investor/re-investment  
Supplier development  
Hungarian Investment Projects

# Record FDI results in 2018

## *HIPA results*

**98 projects**

**4.311,61 m €**

**17.024 FTE**



## *Countries*



GERMANY



USA



HUNGARY



SOUTH-KOREA



JAPAN



INDIA



CHINA

## *Industry segments*



## *New incentive schemes*



**Automation**  
7 projects



**R&D subsidy**  
10 projects

# Thank you for your trust! - 2018



Audi  
Hungaria



ARCONIC



BOSCH



cloudera



evosoft



ExxonMobil



SANMINA



# #16 worldwide in job creation

 <b>Top destination countries</b> by jobs created (in '000s)	 <b>JOBS 2018</b>	 <b>2018 RANKING</b>	 <b>2017 RANKING</b>
 United States	96.4	1	1 -
 Mexico	72.9	2	2 -
 India	62.3	3	4 ▲
 China	57.6	4	3 ▼
 United Kingdom	37.8	5	5 -
 France	32.7	6	11 ▲
 Thailand	32.0	7	8 ▲
 Vietnam	30.9	8	7 ▼
 Poland	29.7	9	13 ▲
 Germany	28.9	10	6 ▼
 Brazil	25.4	11	9 ▼
 Serbia	22.9	12	14 ▲
 Russia	21.3	13	10 ▼
 Zimbabwe	20.9	14	49 ▲
 Canada	19.6	15	19 ▲
 <b>Hungary</b>	<b>19.1</b>	<b>16</b>	<b>18 ▲</b>
 Spain	17.9	17	17 -
 Ethiopia	16.3	18	16 ▼
 Turkey	15.4	19	26 ▲
Ireland	14.5	20	29 ▲

**Top destination countries by jobs per 1 million population**



**Hungary ranks 16th globally in the overall ranking based on job creation, and 7th in Europe.**



**2017**  
**7th**  
**(1,780)**

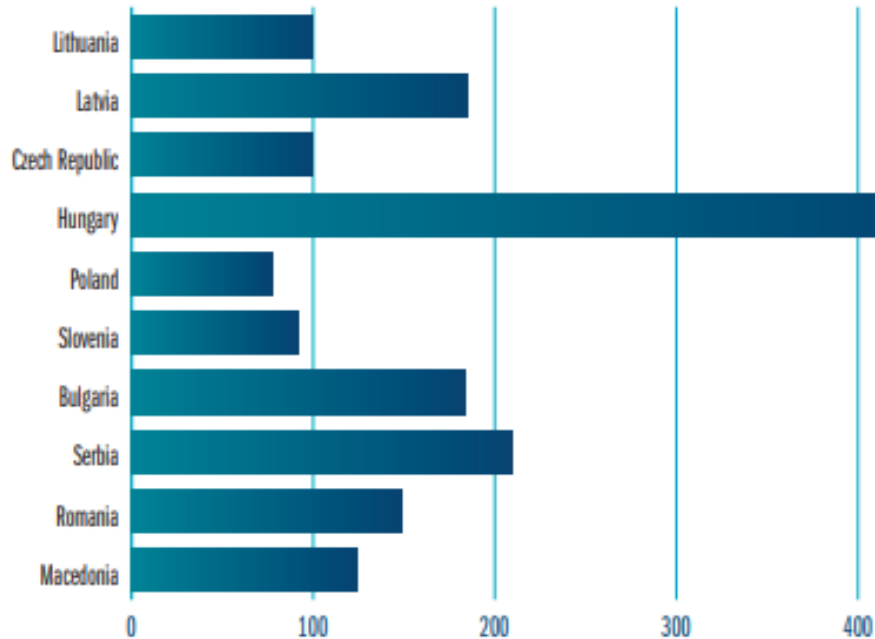


**2018**  
**5th**  
**(1,940)**

# #1 in CEE in FDI/capita

## Eastern Europe

Top 10 countries by investment value per capita





# Excellent location to supply CEE



- The longest motorway network in CEE
- Continuous road developments make new potential investment sites available
- At the cross roads of 3 core European transportation corridors
- Highly developed logistics and telecommunications infrastructure

## TEN-T Corridors crossing Hungary

- Mediterranean (Koper-Budapest-Záhony-/Kiev/)
- Orient/East-Med (Hamburg-Athens)
- Rhein-Danube (Frankfurt-Constanta)



# BUD Cargo city



- € 50 million new air cargo handling facility will be handed over at Budapest Airport in November 2019
- The facility consists of:
  - 21 600 square meter warehouse hall and office section,
  - another 11 200 square meter facility for forwarders,
  - 32 000 square meter concrete apron (additional new parking positions for the simultaneous handling of two Boeing B-747-8F type aircraft)
- Fully centralized concept for export and import, belly cargo and freighters, plus for the road feeder operation
- „Everything under one roof within one building”, special, GSA’s, Customs clearance
- Fast linear concept in cargo handling
- Two handling companies
- Freighter stands in 300m distance, belly cargo in 500-800m
- Direct Airside and easy Landside access

# ZalaZone test track



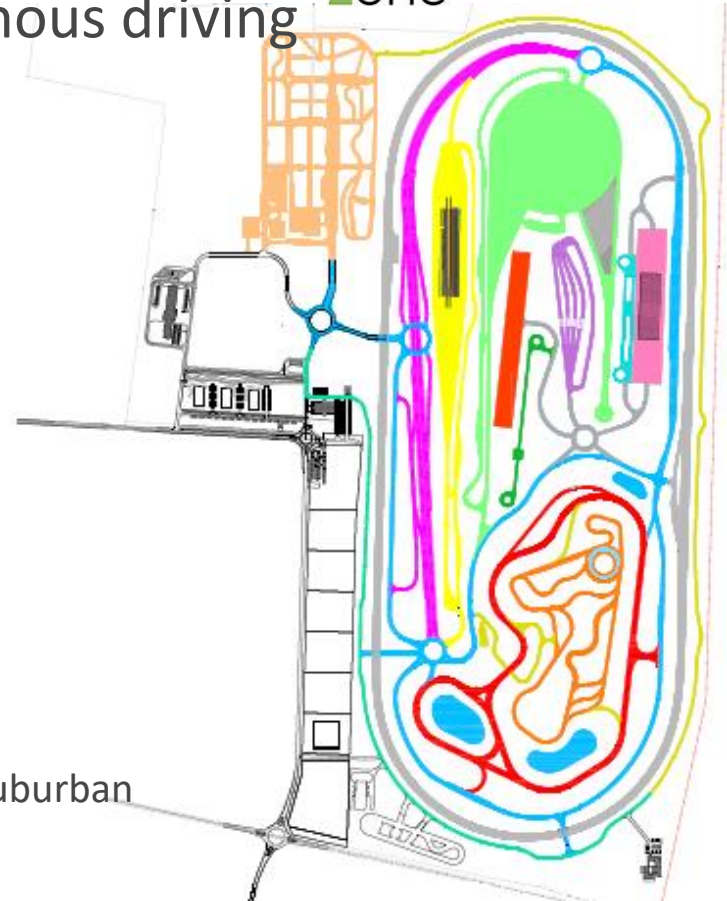
## Governmental investment in autonomous driving

### TESTING ELEMENTS

- Dynamic platform
- Braking surface
- Handling course
- Connecting road network
- High-speed oval track
- Smart City zone

### FURTHER PROVING GROUND DEVELOPMENT

- 5G & ITS G5 Networks testing environment
- Bad roads
- Slopes
- Noise measurement surface
- Additional vehicle dynamical modules
- Expansion of the Smart City urban and suburban environment



# Key figures of the automotive sector

...cca. 700 automotive companies in Hungary; 5 OEMs and 80+ TIER1 suppliers

...EUR 26.8 billion revenue in 2018 (4.8% increase from 2017)

...27.9% of processing industry output

...18.5 % of the total exports

...90.9 % export rate from the total revenue

...4.9 % contribution to the GDP in 2017

...around 500,000 passenger cars were manufactured; highest number of premium cars in the CEE region

...over 30 million engines were produced from 1994 in Győr

...more than 172.500 employees; 3.8% of the total employment



# Strong automotive ecosystem

## OEMs



## TIER1



From „Made in HU” to „Invented in HU”

## R&D centre and autonomous driving



## Battery businesses



# OEMs in figures

**Audi Hungaria Motor (VW)**

Location: Győr

Car production: ~100,000

Engine production: ~2 million engines

Number of employees: ~13,000

1993

**Magyar Suzuki (Suzuki Motors)**

Location: Esztergom

Car production: ~175,000

Number of employees: ~3,000

1991

**BMW**

Location: Debrecen

Greenfield investment project

2018

Capacity: 150,000 units a year

Job creation: 1,000

Investment volume: 1 bn EUR

**OPEL (PSA)**

Location: Szentgotthárd

Engine production: ~500,000

Number of employees: ~1,000

1991

**Mercedes-Benz Manufacturing (Daimler)**

Location: Kecskemét

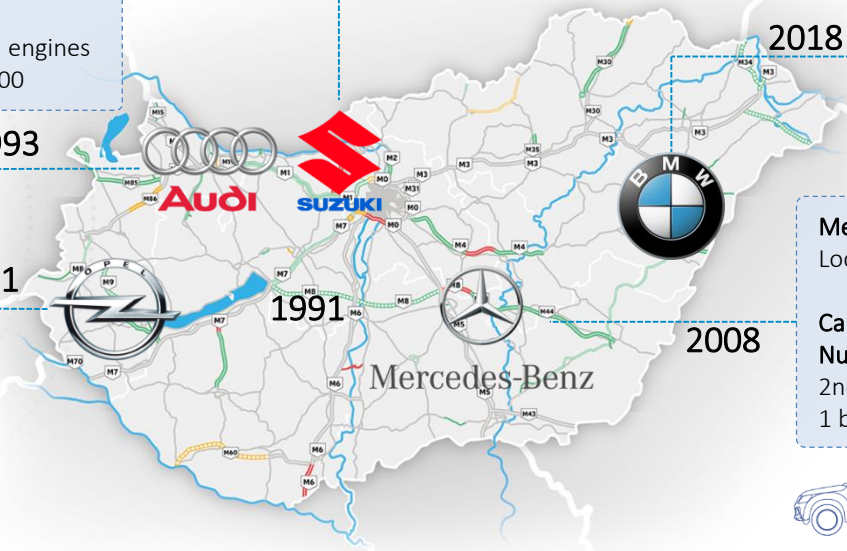
Car production: >190,000

Number of employees: ~5,000

2nd plant:

1 bn EUR investment, 2,500 new jobs

2008



## 3 German premium car manufacturers in Hungary



TT Roadster



TT Coupé



SX4 S-Cross



A3 Cabriolet



A3 Limousine



Vitara



CLA Shooting Brake



CLA Class



Q3



A-Klasse

1998

2013

2015

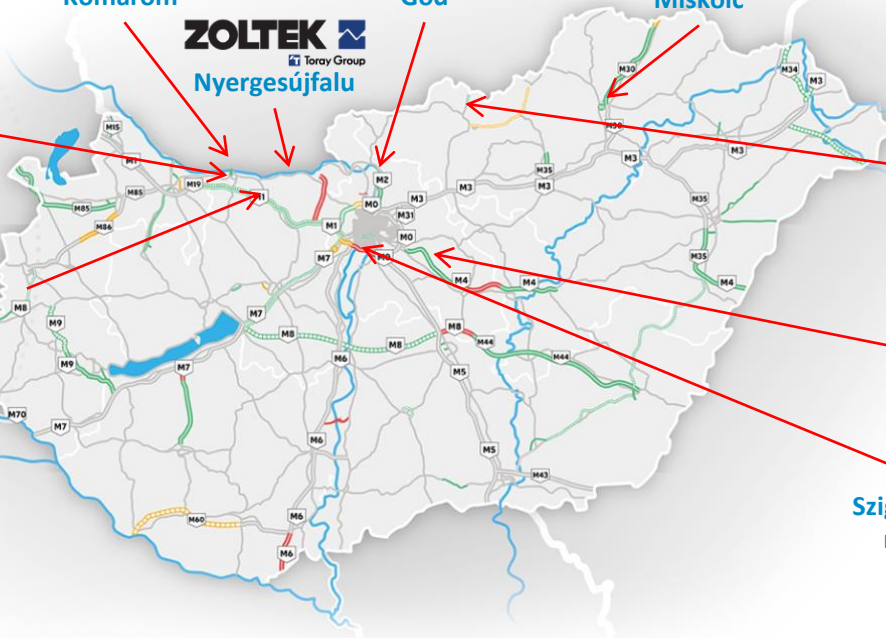
2018

# Hungary to become EV battery production „superpower“

Electric vehicle  
battery manufacturers



Tatabánya



Komárom



Göd

Miskolc

Salgótarján



Monor











Szigetszentmiklós



성일하이텍(주)  
SungEel HiTech



# Latest investments

	<i>Value (EUR)</i>	<i>Jobs created</i>	<i>Site</i>	<i>Activity</i>
	29 million	51	Miskolc	Battery manufacturing for PHEVs
	100 million	181	Tatabánya	Production of red copper foil
	300 million	600	Göd	EV battery cell manufacturing – 3 GWh
	24 million	300	Monor	Battery components manufacturing
	1070 million	1410	Komárom	EV battery cell manufacturing – 7.5 GWh for Phase I
	45 million	122	Komárom	Battery module production for EVs
	408 million	188	Nyergesújfalu	Separator films production required for lithium-ion batteries
	5 million	50	Szigetszentmiklós	recycling of Li-ion battery materials

# Supplier services



## Business development

- Supplier network **information**
- Supplier **database**
- Supplier **visits**
- **B2B** events
- **Trade fairs**



## Supplier development

- Improve supplier **quality**
- **Harmonized** with the investor's **supplier development**
- **Relevant** topics
- **Taylor made** supplier development programs

# New incentive system

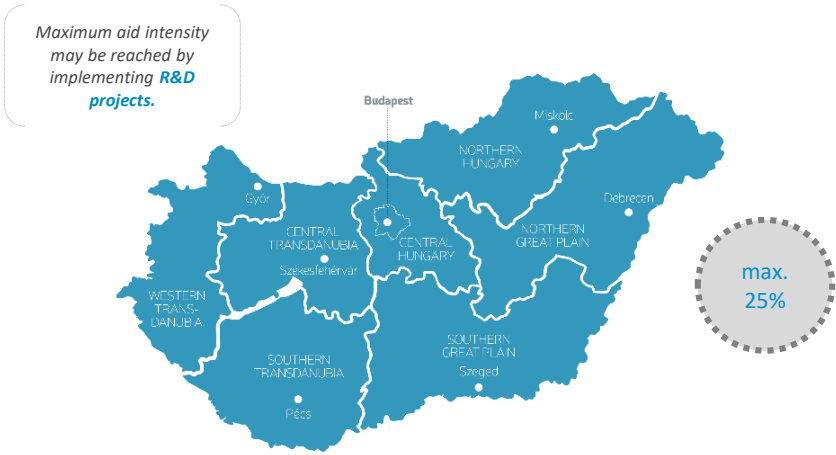
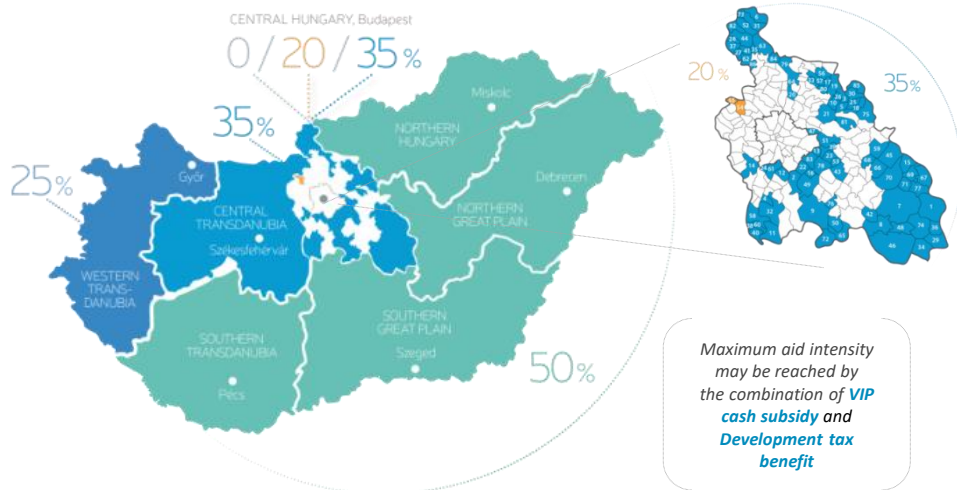
## TYPE OF SUBSIDY

- Non-refundable
- Post-financed cash grant
- Provided based on the decision of the government

## LEGAL BACKGROUND, APPLICATION

- Managing body: HIPA Nemzeti Befektetési Ügynökség Nonprofit Zrt. (HIPA)
- Submission of Request List is required
- According to Gov. Decree 210/2014. (VIII. 27.) and Act LXXVI. of 2014

## MAXIMUM AID INTENSITY



# Thank you for your attention!



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# To do list

A series of ten horizontal dashed blue lines spanning the width of the page, intended for writing a to-do list.