

HUNGARY

SMART. AMBITIOUS. COMPETITIVE.

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CEO
HIPA

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Macroeconomic overview



Record GDP growth

5,0 %



Employment
rate

70,3 %



Favourable tax
environment

9 %

HUNGARY
SMART.
AMBITIOUS.
COMPETITIVE.

Family Protection Action
Plan and Economy
Protection Action Plan

Investment grade with
stable/positive outlook

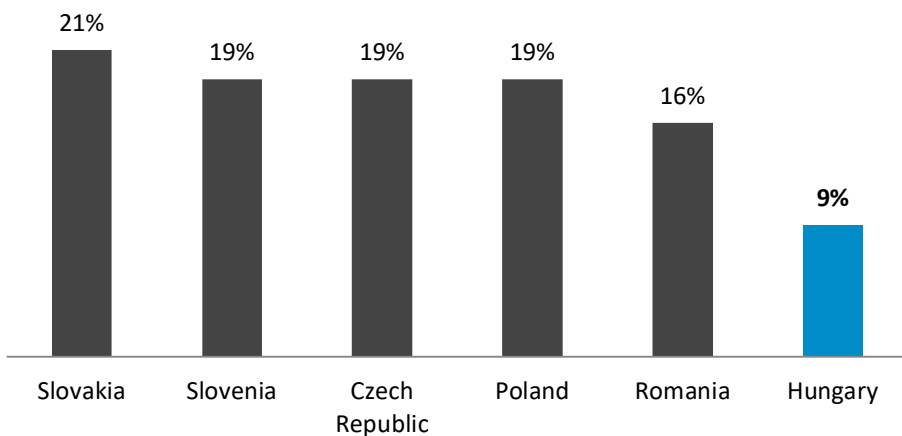
JCRA  STANDARD
& POOR'S
Fitch Ratings MOODY'S

Building a
„workfare” society

Increase capital intensity in the economy

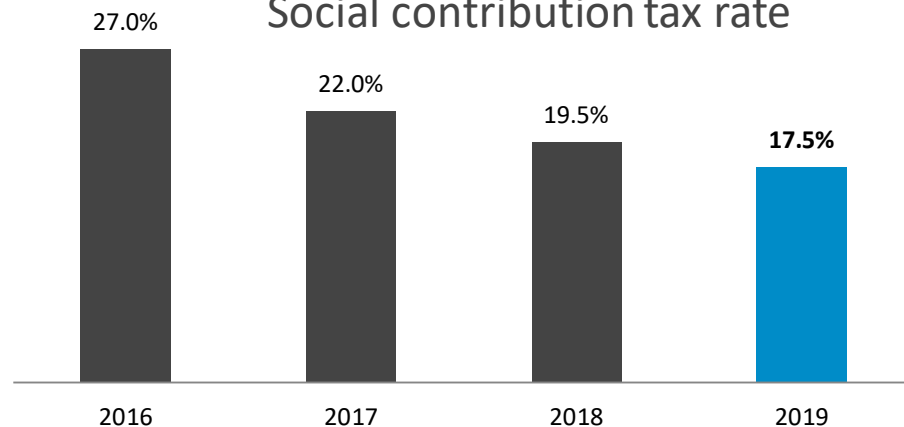
Extremely business friendly

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



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

#16 worldwide in job creation

 Top destination countries by jobs created (in '000s)	 JOBS 2018	 2018 RANKING	 2017 RANKING
 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 ▲
 Hungary	19.1	16	18 ▲
 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)

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

OPEL (PSA)

Location: Szentgotthárd

Engine production: ~500,000

Number of employees: ~1,000

1991

1991

Magyar Suzuki (Suzuki Motors)

Location: Esztergom

Car production: ~175,000

Number of employees: ~3,000

2018

BMW

Location: Debrecen

Greenfield investment project

Capacity: 150,000 units a year

Job creation: 1,000

Investment volume: 1 bn EUR

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

1991

1991

2008

3 German premium car manufacturers in Hungary



TT Roadster



TT Coupé



SX4 S-Cross



A3 Cabriolet



A3 Limousine



Vitara



CLA Shooting Brake



CLA Classe



Q3



A-Klasse

1998

2013

2015

2018

Hungarian automotive news - OEMs

*Magyar Suzuki
celebrates half-
millionth Vitara
produced in
Esztergom!*



New Vitara model

26

Years
presence

2019



*A solar power plant with a
peak output of 12 megawatts
(MWp) is being installed by
E.ON on the top of AUDI
Hungaria's two logistical
centres*



*Audi RS Q3 and RS Q3 Sportback
lined up to go at Audi Hungary*

*Godspeed For The Audi Q3
Sportback in Győr*



*E-mobility is in the forefront in Győr
E-projects in the field of motor and
vehicle construction and in technical
development*

Hungarian automotive news - OEMs



From 2020 the plant in Szentgotthárd will manufacture for PSA several engine varieties of the type which has been elected engine of the year three times.



The new Budapest SSC is Ford's biggest European administrative centre

2019



Mercedes-Benz has started the production of the new CLA Shooting Brake and CLA Coupé in Kecskemét



Mercedes-Benz



Daimler breaks ground for second plant in Hungary

Nissan to establish its European financial shared services centre in Budapest



Hungarian automotive news - OEMs



BMW Group to expand production network in Hungary, Debrecen

- *Investments of approximately €1 billion*
- *offer capacity of up to 150,000 units a year and create over 1,000 new jobs*



2019

Jaguar Land Rover opens technical engineering office in Hungary

- *Jaguar Land Rover has opened its new technical engineering office in Budapest to support the company's European supply chain management*
- *100 roles will complement corporate, R&D, engineering and manufacturing functions headquartered in the UK*



WELCOME TO OUR NEW OFFICE

Hungary to become EV battery production „superpower“

Electric vehicle
battery manufacturers



Tatabánya

Komárom



Göd

Miskolc

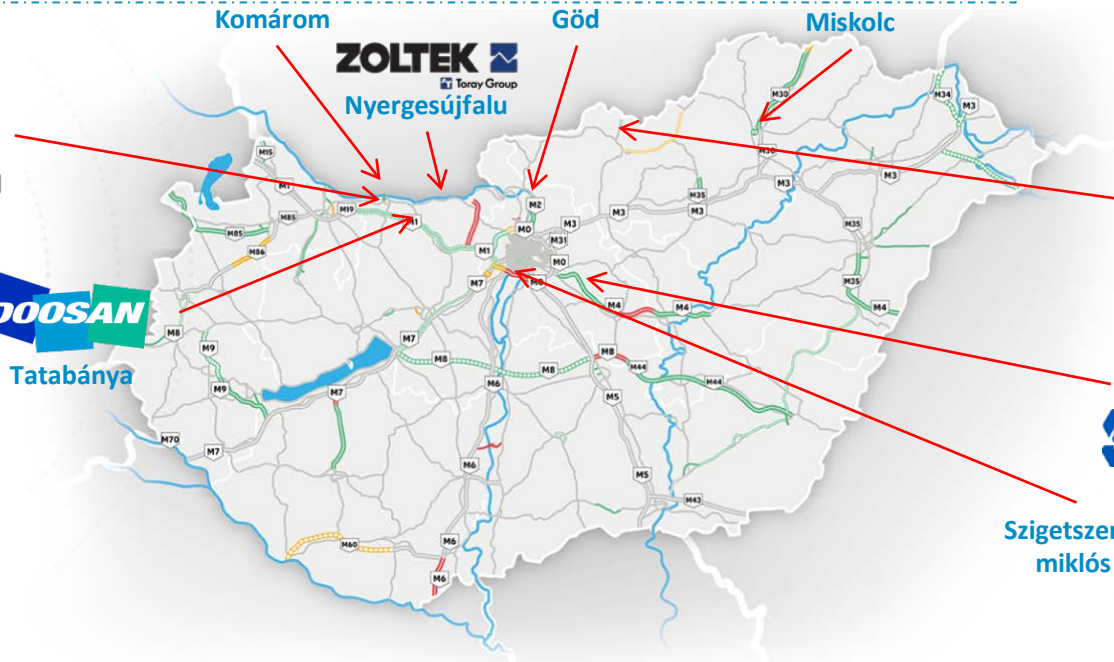
Salgótarján











Monor



Szigetszent-
miklós

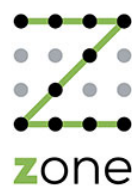


Latest investments

	<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

ZalaZone test track

Governmental investment in autonomous driving

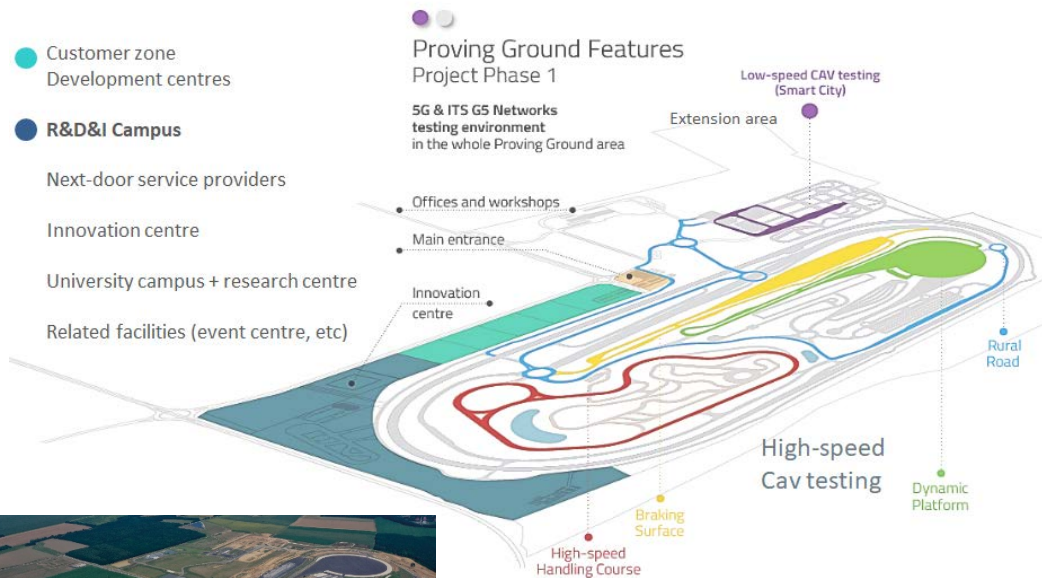


TESTING ELEMENTS

- 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



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

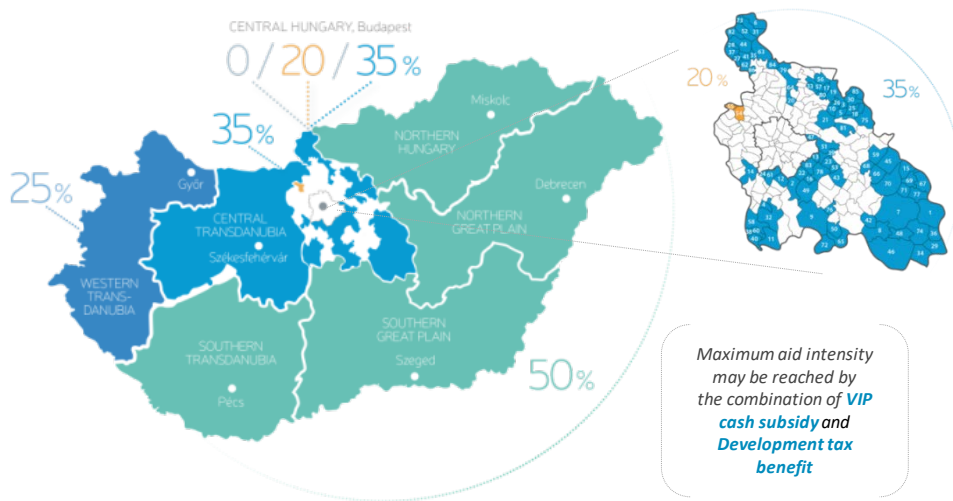
TYPE OF SUBSIDY

- 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



Maximum aid intensity may be reached by implementing **R&D projects.**



Thank you for your attention!



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