

Hungary - A proven location for investments

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HIPA*

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Agenda

- A. Hungary as an investment location
- B. Main industries in Hungary
- C. One-stop shop services of HIPA



Hungary – key information



Capital: Budapest



Geographical size: 93 025 km²



Population: 9 849 000 (2015)



GDP: USD 130.2 bn (2014, nominal)



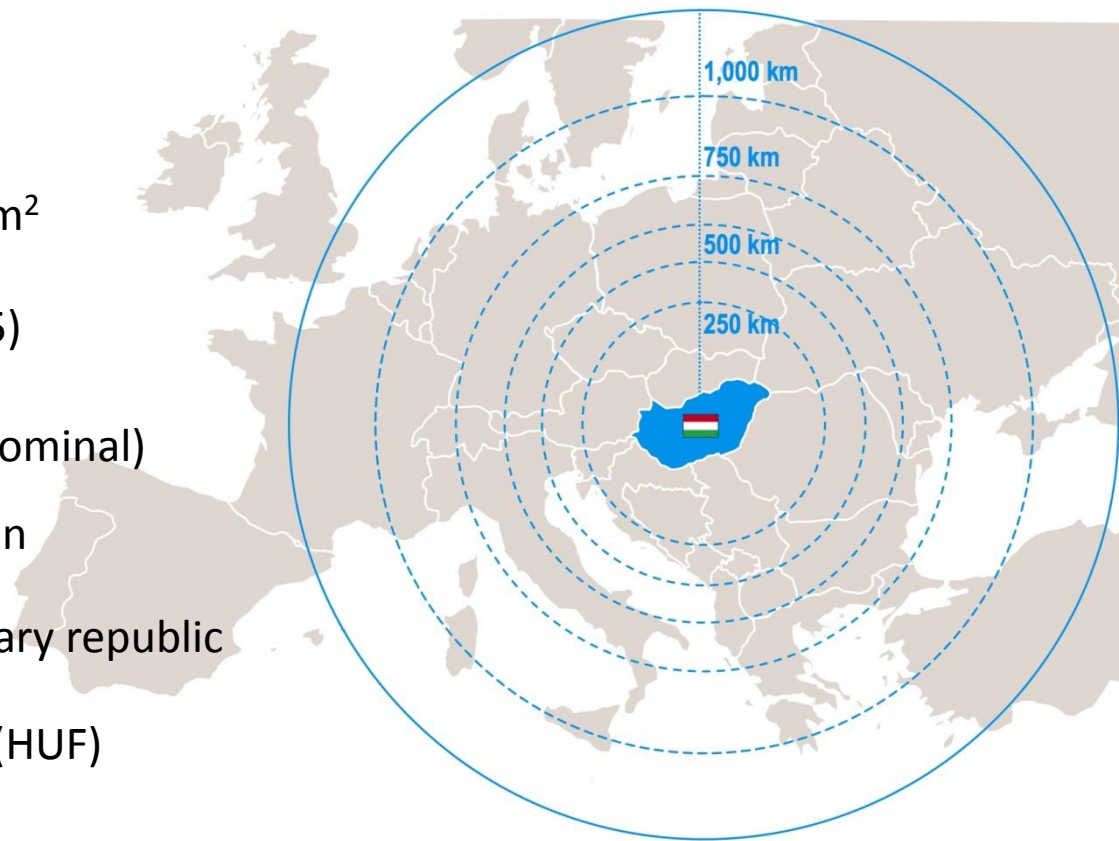
Official languages: Hungarian



Political system: Parliamentary republic



Currency: Hungarian Forint (HUF)



Developed infrastructure & logistics connections



Pan-European Corridors crossing Hungary

IV: Dresden – Istanbul

V: Venice – Kiev

VII: Vienna – Black Sea

X: Salzburg – Thessaloniki

Central location

- The markets of 20 countries and about 500 million consumers in the European Union can be achieved within a radius of 1 000 km
- Excellent access to the strategically important markets

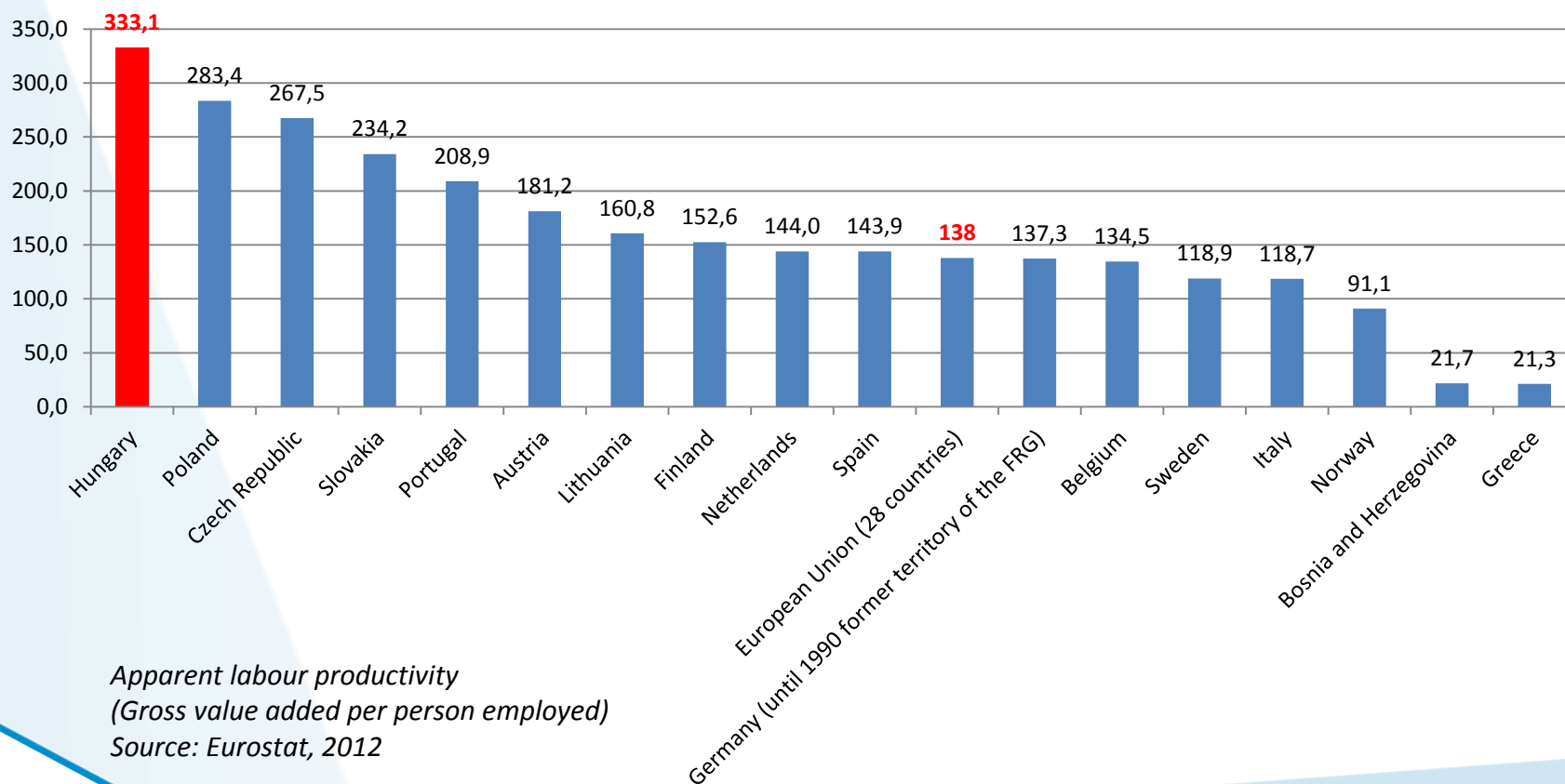


The 3rd highest road density in Europe



Labour productivity

Wage adjusted labour productivity in the vehicle industry (%)



*Apparent labour productivity
(Gross value added per person employed)
Source: Eurostat, 2012*

Hungary: Stable and Growing

- **Stable...**

- Upgraded to **investment grade**
- The **budget deficit below 3%** of GDP since 2012
- **Abrogated from excessive deficit procedure (EDP)** by the EU in 2013
- **Inflation rate is record low: +0.2%** (April 2016)

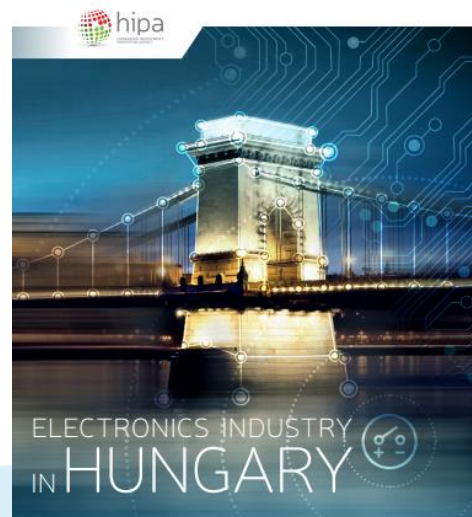
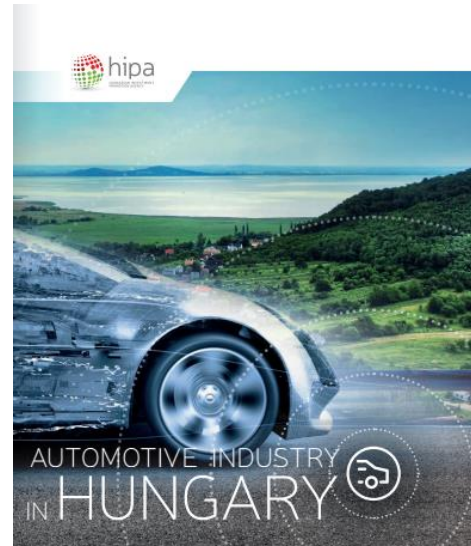
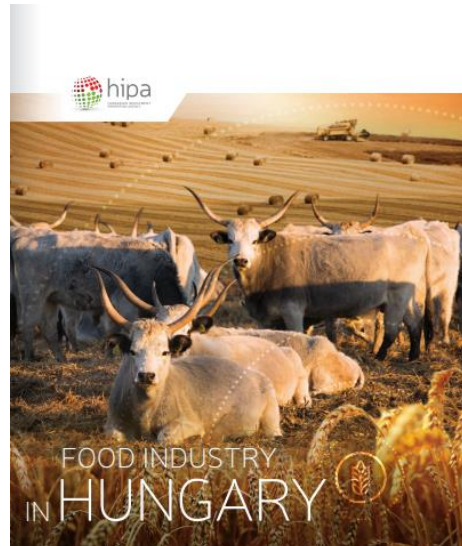
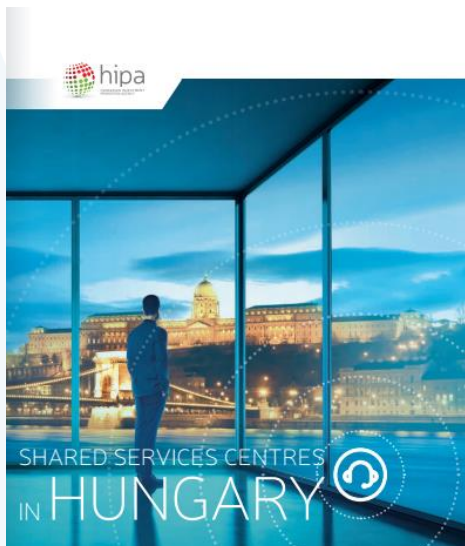
- **...and Growing**

- **GDP growth 3.7%** in 2014, 2.9% in 2015
- **Exports and Trade surplus** at historic highs in 2015

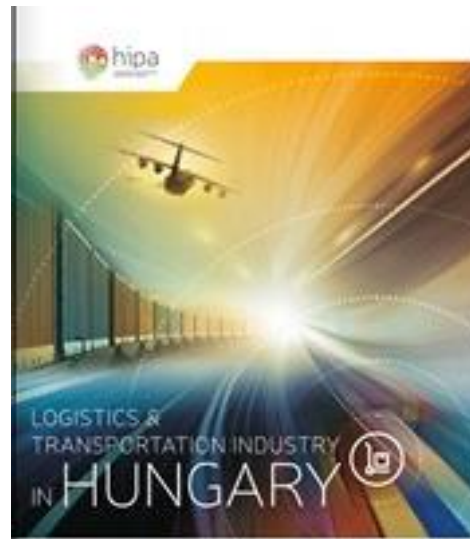
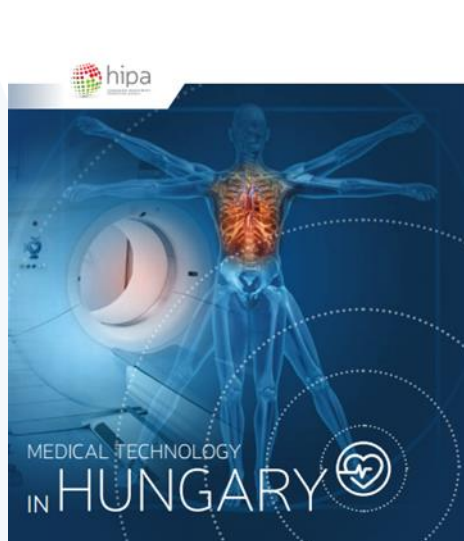
- **Labour market tendencies**

- **Employment reached a historic peak**, it has been rising steadily since 2010
- The unemployment rate amounted to 5.1% in 2016 Q2 down from 11.8% in 2010 Q1

Main industries in Hungary I.



Main industries in Hungary II.



How do we support your investment projects?

BEFORE

YOU MAKE A DECISION...

- Taylor made information packages on the economy, sectors, incentives, business environment, supplier networks, etc.
- Taylor made incentive offer
- Location search and evaluation
- Site visits and expert meetings

AFTER

YOU HAVE CHOSEN HUNGARY...

- We offer you our After-Care services: share with us your experience about the business climate
- We mediate between government and businesses
- We support your further expansion...

Main type of incentives

I. Incentives for Investment

Cash grants

- VIP Cash Subsidy (regional aid)
- Job Creation Subsidy
- EU Co-financed Tenders (mainly for SMEs)
- Local Subsidy Granted by Municipality

Tax allowances

- Development Tax Allowance (regional aid)

II. Incentives for Training

Cash grants

- Training Subsidy
- Workshop Establishment Subsidy (in cooperation with and educational institution)

III. Incentives for R&D&I

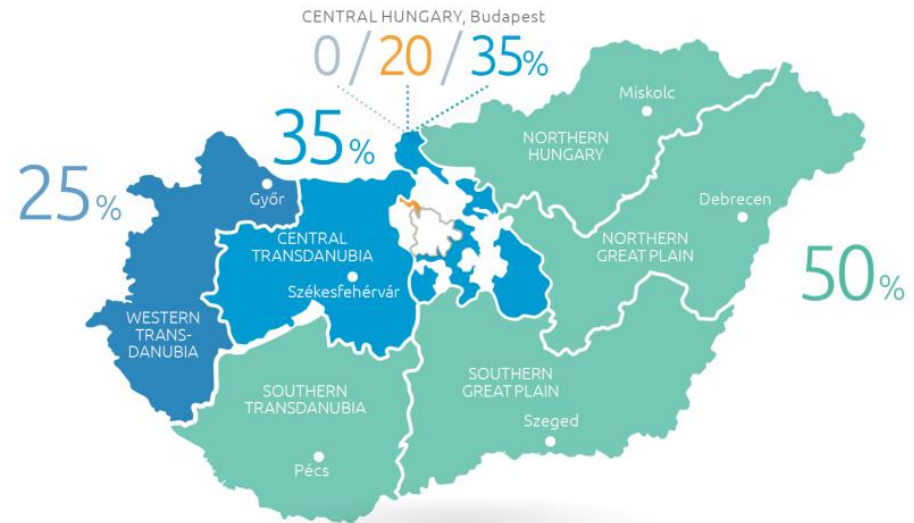
Cash grants

- EU Co-financed Tenders

IV. Incentives for Employment

Tax allowances

- Social Tax Allowance
- Vocational Training Contribution Allowance



Free Enterprise Zones (1,080 communities)

Hungarian Investment Projects (HIP)

HIP database – A collection of approved private investment project offers

49 projects – 1.694 million EUR overall budget

Sectors:

- Agriculture and Food Industry
- Manufacturing
- Green industry
- Innovation
- Classic M&A
- Real Estate (Medical, Recreational and Wellness Tourism, Offices, Residential, Retail, Logistics)

Individual project budgets ranging from EUR 1.5 million to EUR 150 million



Main investment decisions in 2016

- **BorgWarner** - *automotive industry*
- **FAG** - *automotive industry*
- **Flowserve** - *SSC*
- **Hell Group** - *food industry*
- **IBM** - *SSC*
- **Lego** - *plastic industry*
- **Lufthansa Technik** - *SSC*
- **Mercedes-Benz** - *automotive industry*
- **Mondi** - *packaging industry*
- **Nestlé** - *food industry*
- **Otto Fuchs** - *automotive industry*
- **Robert Bosch** - *automotive industry*
- **Valeo** - *automotive industry*
- **Xellia** - *pharmaceutical company*
- **Yanfeng** - *automotive industry*
- **Mitsuba** - *automotive industry*
- **Csaba Cast** - *automotive industry*
- **ThyssenKrupp** - *automotive industry*
- **British American Tobacco** – *SSC*
- **Samsung SDI** - *electronics industry*



Mercedes-Benz



ThyssenKrupp



MITSUBA



xellia



BRITISH AMERICAN
TOBACCO





TOP 10
BUDAPEST

Courtney Finger
Courtney Finger
Editor-in-Chief



Budapest

Cost Effectiveness

FDI Strategy

Business Friendliness



Region



TOP 10
CENTRAL HUNGARY

Courtney Finger
Courtney Finger
Editor-in-Chief



TOP 10
TRANSDANUBIA

Courtney Finger
Courtney Finger
Editor-in-Chief



TOP 10
GYŐR

Courtney Finger
Courtney Finger
Editor-in-Chief



EY Global Investment Monitor, 2016.

The UK leads the field in both numbers of projects and jobs

Top 10 countries by FDI projects

		2015	2014	Percentage change
	UK	1,065	887	20%
	Germany	946	870	9%
	France	598	608	-2%
	Spain	248	232	7%
	Netherlands	219	149	47%
	Belgium	211	198	7%
	Poland	211	132	60%
	Russia	201	125	61%
	Turkey	134	109	23%
	Ireland	127	106	20%
	Others	1,123	1,032	9%
	Total	5,083	4,448	14%

Top 10 countries by FDI job creation

		2015	2014	Percentage change
	UK	42,336	31,344	35%
	Poland	19,651	15,485	27%
	Germany	17,126	11,890	44%
	Russia	13,672	18,248	-25%
	France	13,639	12,579	8%
	Romania	12,746	10,892	17%
	Hungary	11,741	4,868	141%
	Ireland	10,772	7,306	47%
	Serbia	10,631	5,104	108%
	Slovakia	9,564	8,012	19%
	Others	55,788	60,620	-8%
	Total	2,17,666	1,86,348	17%

Source: EY Global Investment Monitor, 2016.

What our respondents say

Which are the top countries for FDI in Europe?

 Germany 69%

 UK 43%

 France 36%

 Netherlands 19%

 Poland 15%

Source: EY 2016 European attractiveness survey (total respondents: 738).

fDi Intelligence - Ranking

GREENFIELD FDI PERFORMANCE INDEX, EMERGING MARKETS

Country	2015 score	2014 score*	Change
Vietnam	6.45	7.87	-1.41
Hungary	4.32	3.67	+0.65
Romania	3.48	3.81	-0.33
Malaysia	2.86	3.41	-0.56
Thailand	2.43	2.41	+0.02
Poland	2.39	1.99	+0.40
India	1.78	1.89	-0.11
Mexico	1.68	1.74	-0.06
Indonesia	1.09	1.05	+0.04
Egypt	1.07	1.09	-0.02
Russia	0.97	0.44	+0.53
Brazil	0.83	0.83	-0.01
Saudi Arabia	0.71	0.61	+0.09
China	0.41	0.55	-0.13

Source: fDi Intelligence

„Hungary offers investors particular expertise in automotive components and industrial equipment sectors. More than half (52.7%) of the country’s total projects received in 2015 were manufacturing-based.”

/fDiIntelligence/

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THANK YOU
FOR YOUR
ATTENTION!

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