

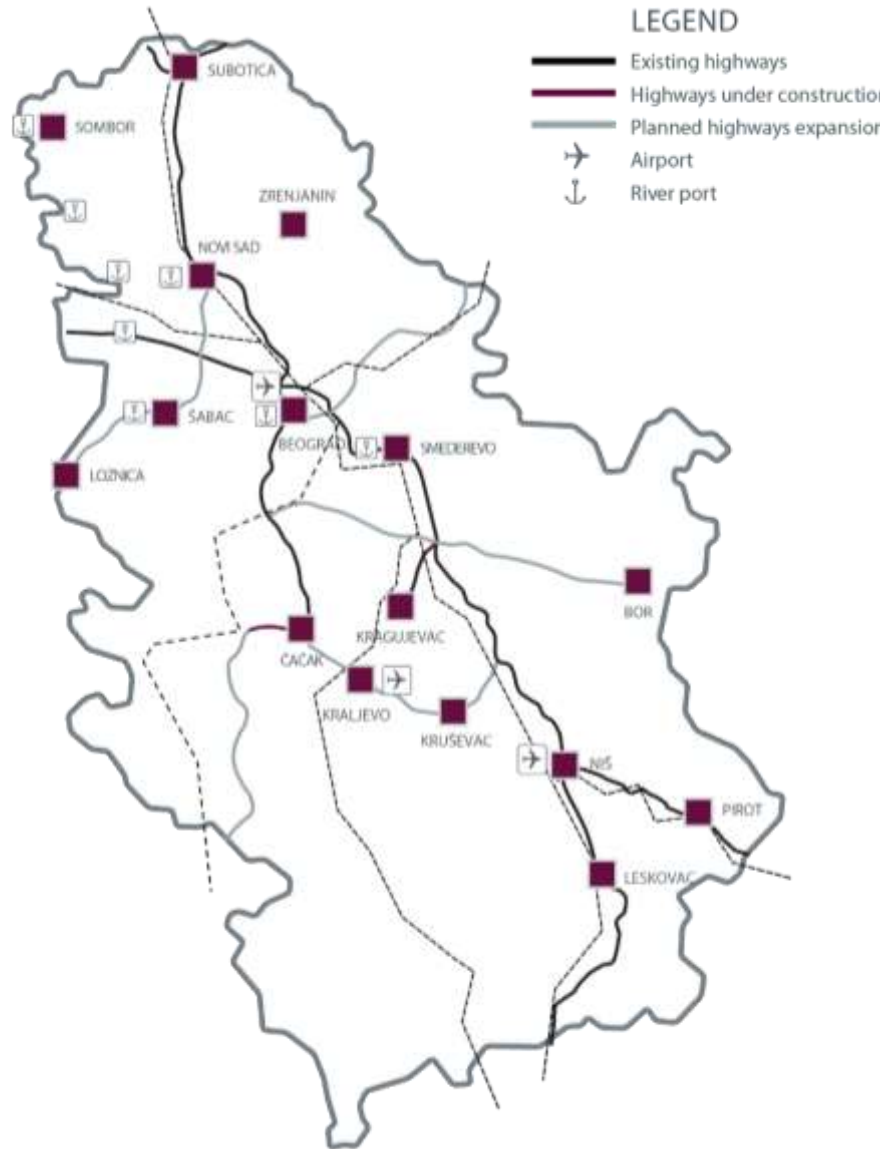


RAS

Invest In Serbia
AUTOMOTIVE
INDUSTRY SERBIA 20.20

TIME TO ADVANCE

Welcome to Serbia!



About Serbia



The business environment is stable, and it offers transparent market conditions, which creates a good starting point for our business growth in a long run.

Marco Aspesi,
VP Corporate Transformation at SR Technics

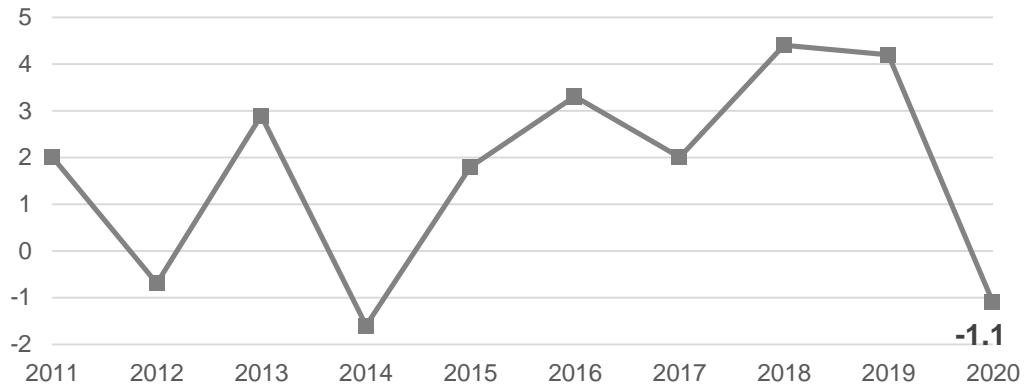
Serbia has continued its path towards EU membership: negotiation process has officially started

On the World Bank's Doing Business list for 2020 Serbia occupies the 44th place among the 190 countries

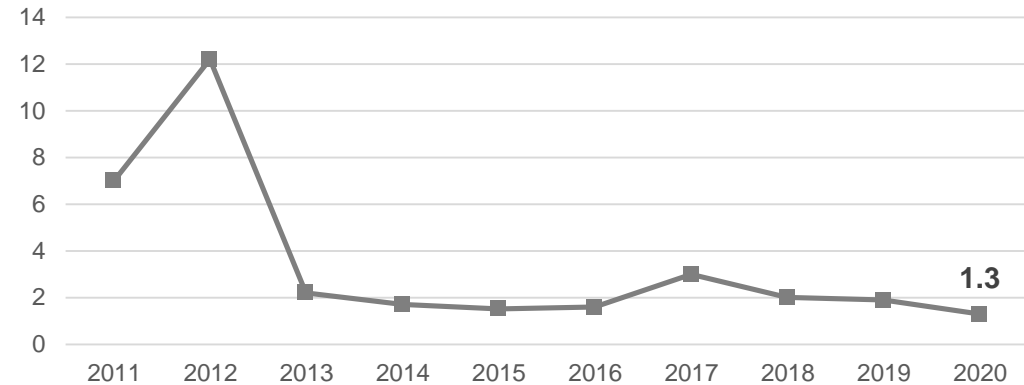
City of Belgrade has been named a City of the Future in Southern Europe by the Financial Times

Economic Indicators

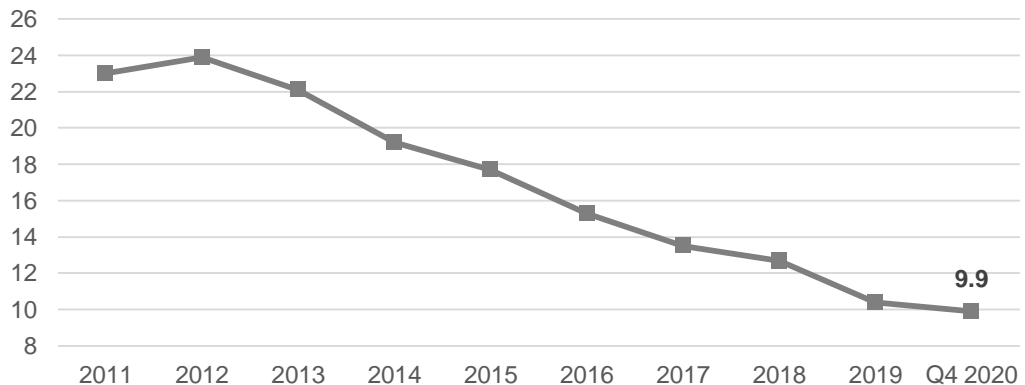
GDP Growth Rate (%)



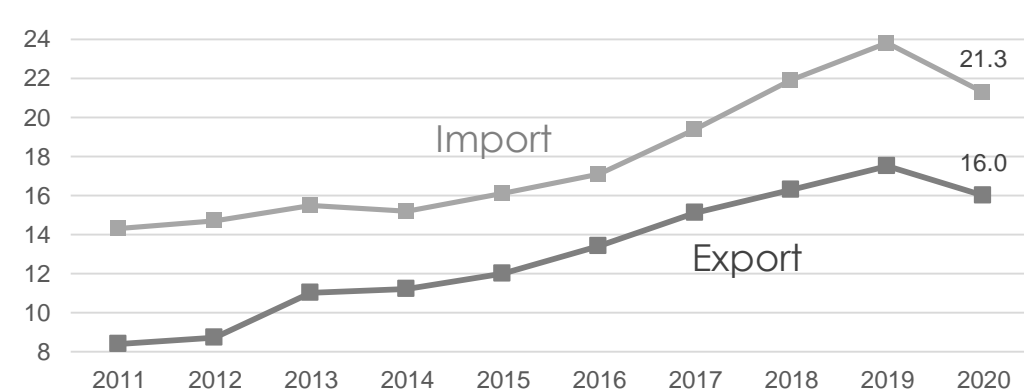
Inflation (%)



Unemployment Rate (%)

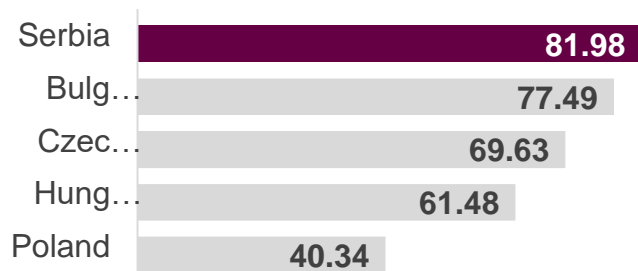


Import and Export (billion EUR)



Success in Attracting FDI

FDI Stock (% of GDP), 2019



	2012	2013	2014	2015	2016	2017	2018	2019	2020
Inflow of FDI in Serbia (million EUR)	1,009	1,548	1,500	2,114	2,127	2,548	3,464	3,815	3,014

Inflow of FDI in Serbia (million EUR)

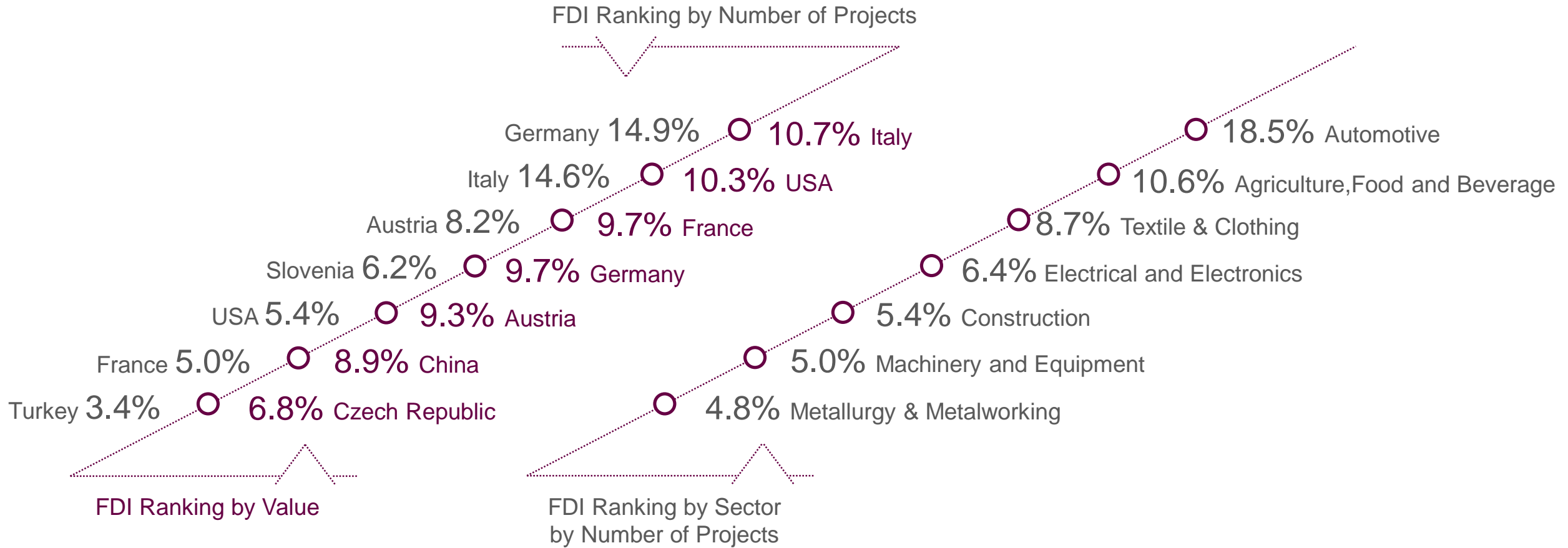
Source: UNCTAD

Source: National Bank of Serbia

Join the Pool of the Successful



Success in Attracting FDI



Success in Attracting FDI

FT Greenfield FDI Performance Index 2019/20

- Financial Times has **ranked Serbia #1** in the world in Greenfield FDI performance for 2019
- In Financial Times fDi report for 2020 Serbia has ranked **#1 in Europe**
- According to FT, Serbia is “punching at 8 times above its weight”

Index is based on the number and size of Greenfield investment projects relative to the country's GDP

Country	Ranking	Score
Serbia	1	8.20
Montenegro	2	6.86
Cambodia	3	5.44
Lithuania	4	5.10
Malta	5	4.50

IBM Global Locations Trends 2019

- For the third year in a row Serbia is **ranked #1** in the world by estimated jobs created from FDI per million inhabitants
 - In addition, Serbia is ranked 12th in the World by total estimated jobs created from FDI

Country	Ranking
Serbia	1
Ireland	2
Jamaica	3
Lithuania	4
Hungary	5



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Automotive Industry Overview

Automotive Then and Automotive Now

- The development of Automotive sector in Serbia goes back to 1939, when assembly of military trucks started in the City of Kragujevac, today the heart of Serbian automotive industry. Ever since then, by acquiring the license from FIAT, the small Kragujevac plant was transformed into the Serbian car producing giant called Zastava (The Flag). In the next 55 years Zastava would go on to produce more than 4.5 million vehicles, 650,000 of them being designated for export.



Automotive Then and Automotive Now

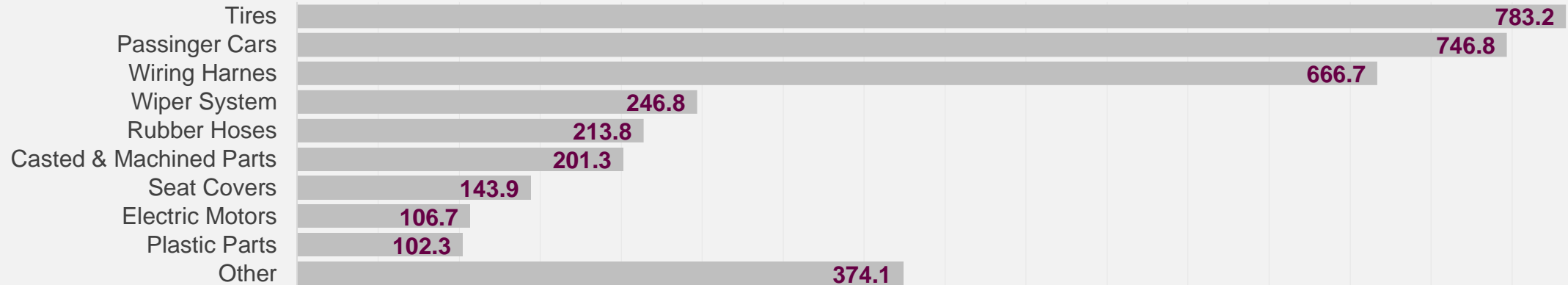
- Most significantly the year 2008 saw the takeover of lumbering Zastava factory by FIAT with an unprecedented investment project worth €940 million. The factory was completely overhauled with new machinery being introduced for the production of the brand new FIAT 500L mini MPV.
- With motor vehicles becoming an electronics product as much as mechanical, production of these systems is becoming dominating force driving the new investments



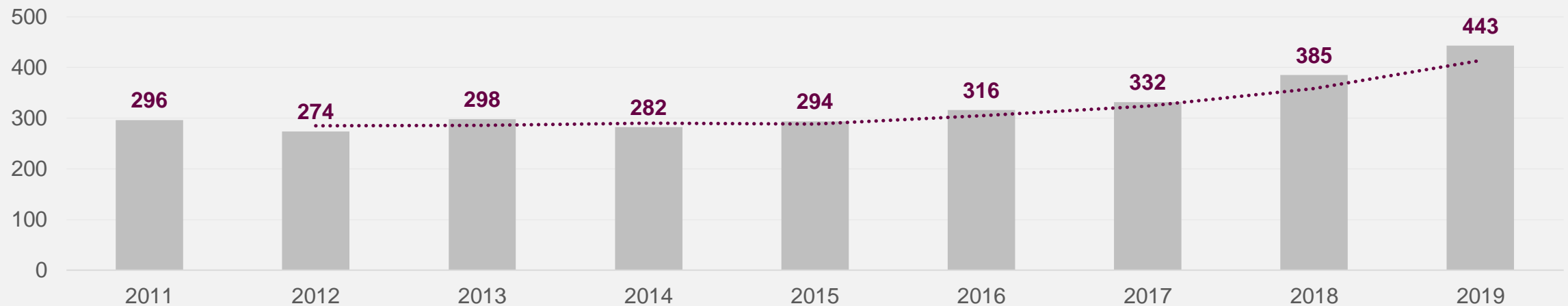
Automotive Then and Automotive Now

Major Products Groups

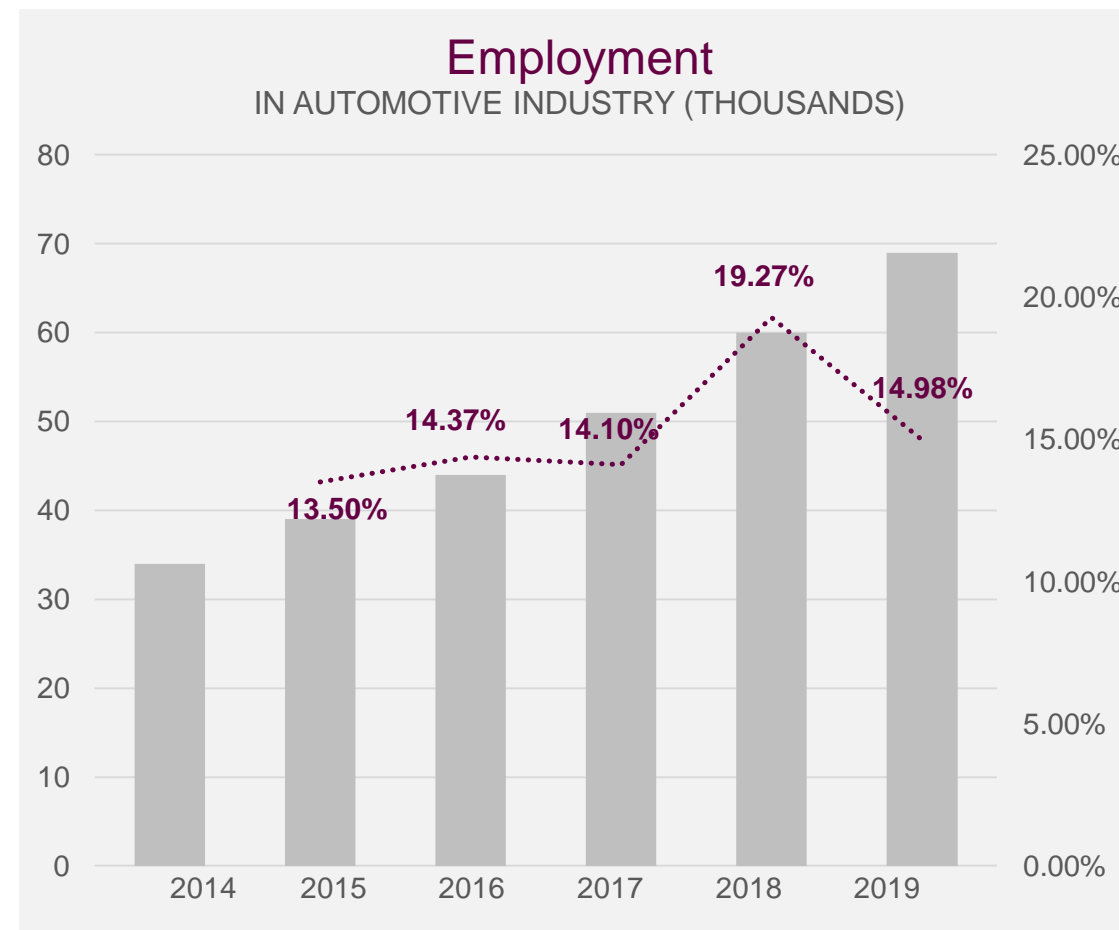
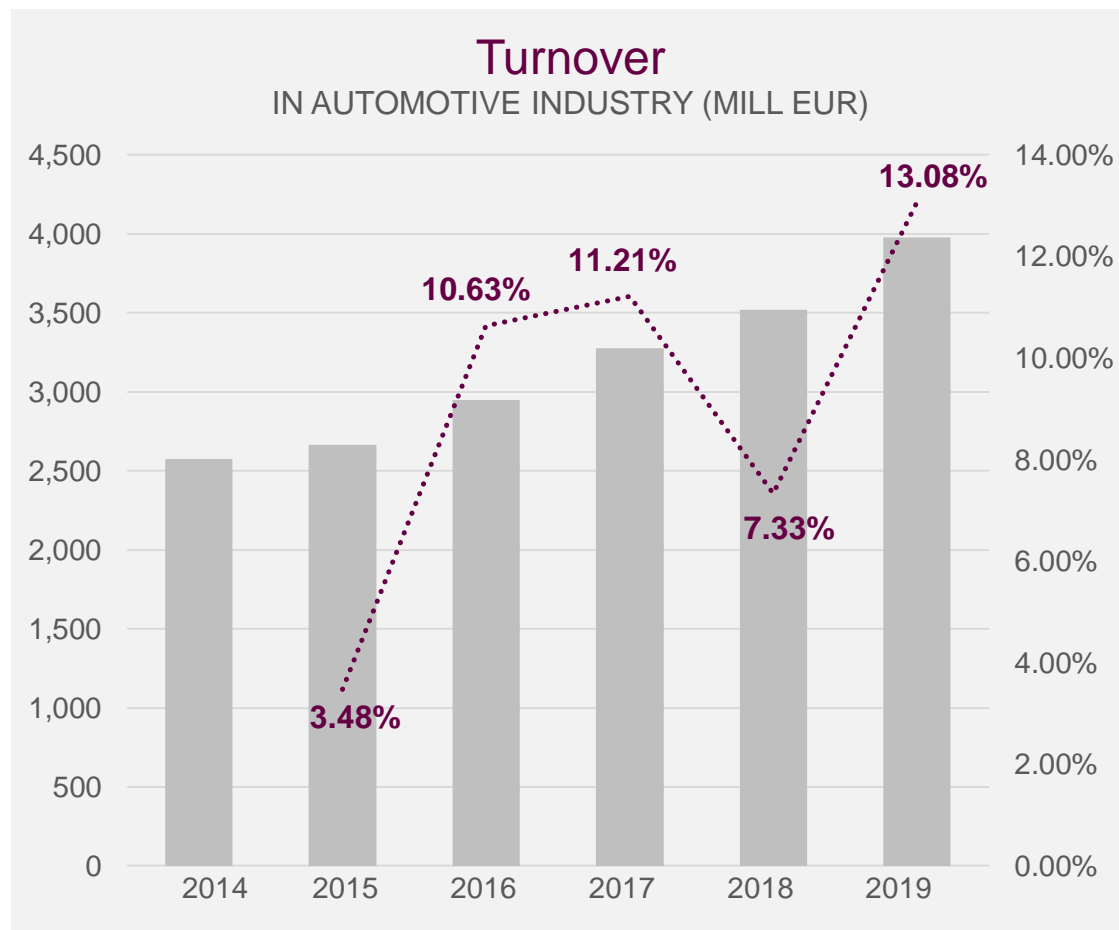
VALUE OF PRODUCTION 2018 (€ mill)



Average Salaries IN AUTOMOTIVE INDUSTRY (EUR)



Automotive Then and Automotive Now



Automotive Then and Automotive Now

RESEARCH & DEVELOPMENT

- Serbia is moving forward into core engineering projects. Discover the projects developed by automotive leaders such as Continental and ZF Friedrichshafen, and how to tap into the Serbian growing talent pool

HIGH TECH MANUFACTURING

- Days of anvil and hammer are behind us. State of the art production requires state of the art operators. Discover how Serbia is aligning it's educational system with industrial requirements

SUPPLY CHAIN

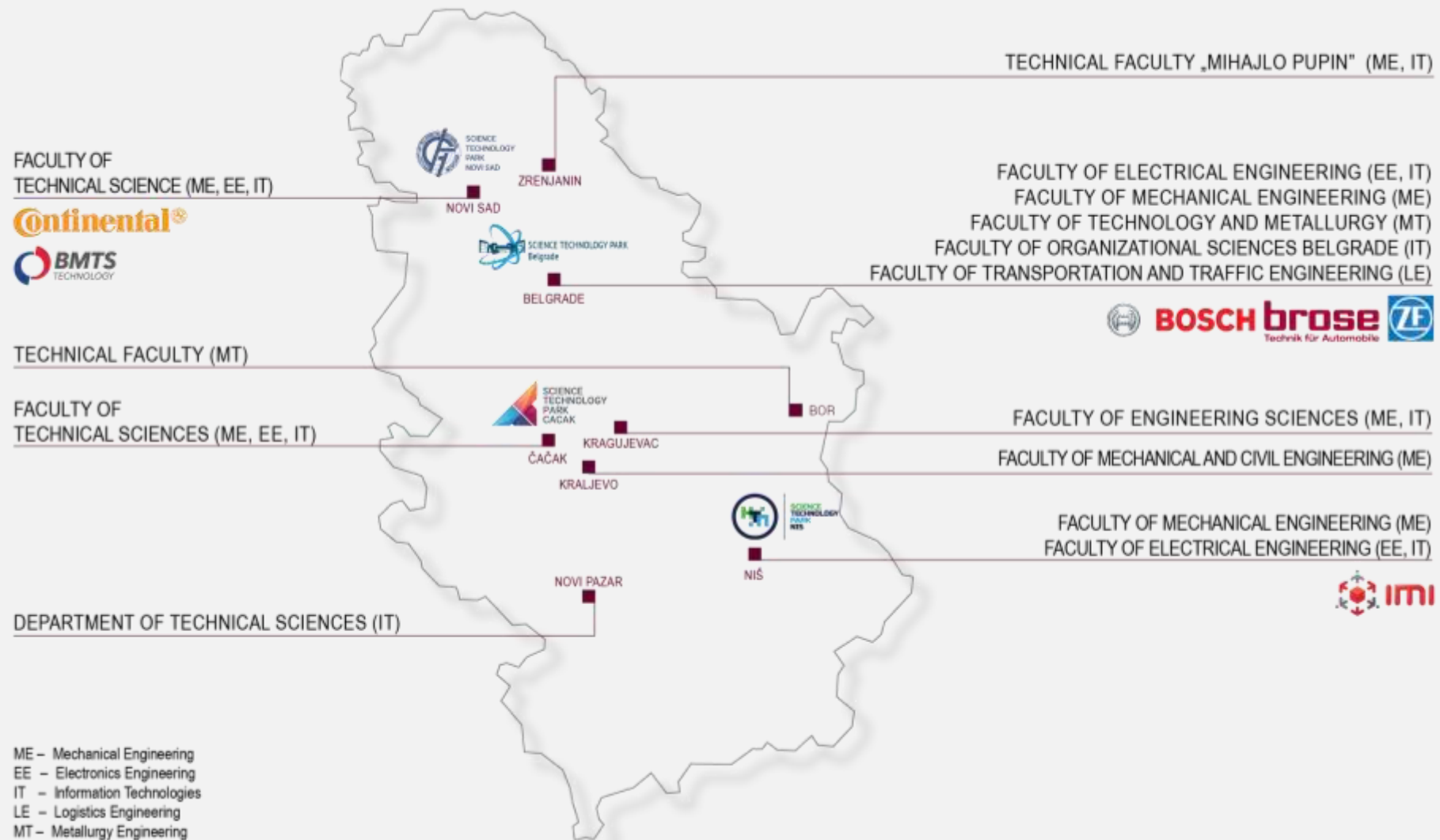
- Import, assemble and export – it's so last decade. Discover our plans to build up the pool of local suppliers to save time and add value to products made in Serbia



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Research & Development

Research & Development



Global MNC'S R&D Activities



Continental R&D Center Novi Sad works on innovative products and solutions related to the future of the automotive industry. R&D Center has huge contribution in creation of global trends such as digitalization, autonomous and safe driving and electromobility. Center was established in 2017 and specializes in electronics, software and testing of instruments, displays, control units, access controls information, radio, infotainment, telemetric and intelligent transport systems for leading global passengers' cars and commercial vehicles such as Mercedes, BMW, MAN, Volvo.



Started in 2019 the ZF Friedrichshafen Test Center Pančevo was created to meet the requirements of growing E-Mobility market dynamics. Center provides engineering resources for the development of electric drives for plug-in or full electric vehicles. It provides series of testings that include: high temperature operating endurance, powered thermo cycle endurance, active operation of the electric machine with power electronics, electrical supply by battery simulator, functional test stand for electro mobility and conventional traction drive and automated determination of functional characteristics such as torque, power and efficiency.

Global MNC'S R&D Activities



In 2017 Dutch electronic goods manufacturer Cooperatief IMI Europe has opened a Design & Development Centre in Niš. Main activities are electronic design, mechanical design, software and product development, building platforms in the areas of automotive cameras, motor drives, and power modules. At this moment there are 6 engineers, while the further team expansion will be in accordance with number and volume of assigned projects Teams: D&D IMI Niš and D&D IMI Bulgaria (Sofia) belong to the same department and are under the responsibility of D&D Manager/Europe.



Brose has expended its capacities by setting up a new development and production plant in Pančevo near Belgrade. Starting from 2021, the automotive supplier produces drives and electronics for cooling fans, electric braking system, electric oil pump, steering and other products. The plant is designed for more than 1,100 jobs in development, sales, purchasing and production activities.



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High Tech Manufacturing

High Tech Manufacturing

- The strategy of the Serbian Government is to go for more high end products, with more know how and value added
- To boost the effectiveness of technical schools, since 2018 Serbia has introduced the system of dual education, based on German model, allowing secondary technical school students to spend 3 days in classroom and 2 days in the real factory
- Large scale investments in technology were made by companies such as Chinese Mei Ta, Robert Bosch, Johnson Electric, Brose...





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Supply Chain

Supply Chain

- RAS Suppler Development Program is aimed at providing expert consultancy in different enterprise management fields, while also financially supporting the investments into machinery and equipment. The program is tailor made to fit the SME sector and overseen by advisory board of large multinationals. To support further development of this segment, RAS is also encouraging foreign companies to consider joint-venture agreements with local Serbian suppliers that could produce synergies and broaden the market perspective of both

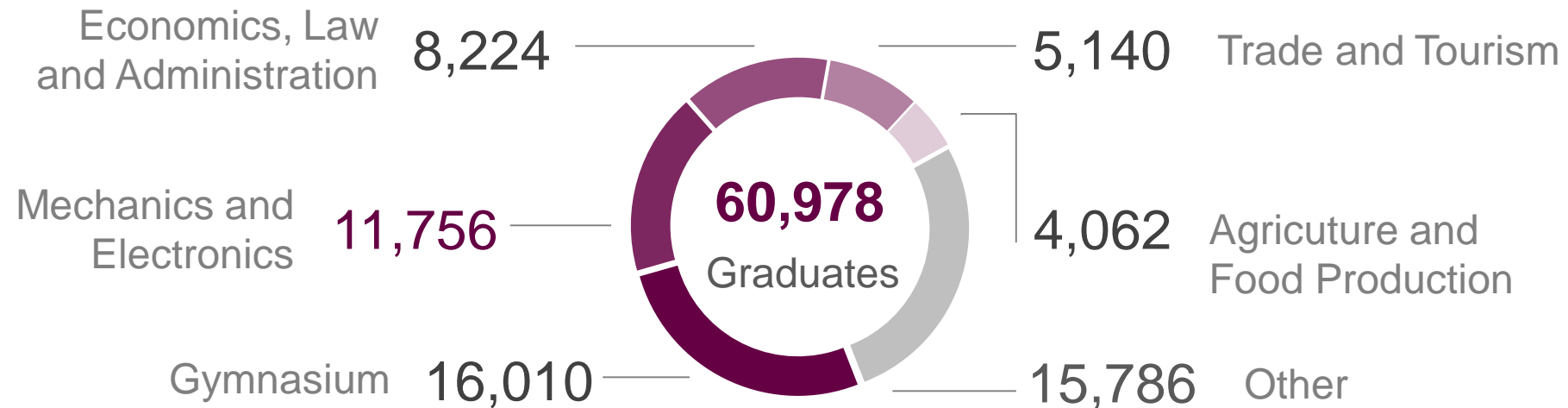


Why Invest in Serbia?

Availability of High Quality Labor

High School Education

There are 517 high schools in Serbia, with approximately 60,978 graduates each year:



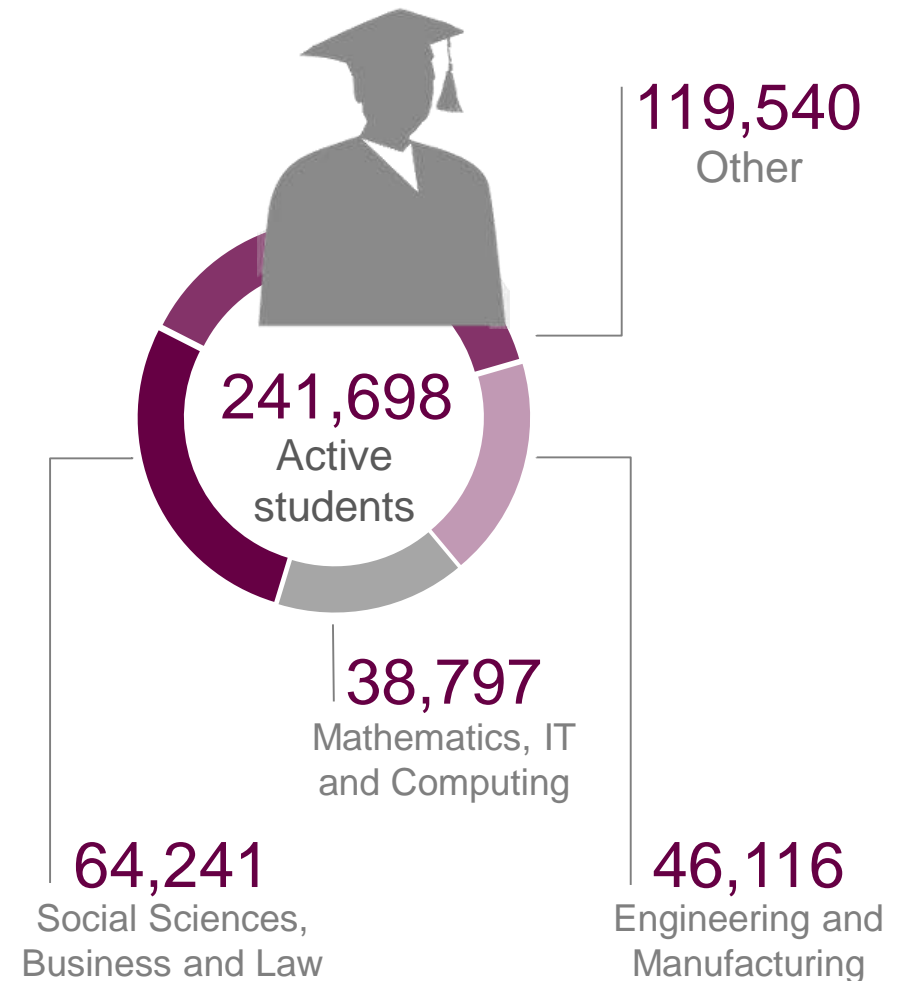
Availability of High Quality Labor

University Education

- There are 8 public universities in Serbia (82 faculties) and 10 private universities (48 faculties)
- The number of enrolled students is increasing each year
- University of Belgrade is ranked in top 500 universities in the world according to the Shanghai Ranking (top 200 in Physics and Mathematics)
- Universities have advanced programs in sciences: engineering, IT, physics and mathematics

Serbia is ranked as **22nd** in respect to **Graduates in Science and Engineering** according to Global Innovation Index 2019

(The share of all tertiary graduates in science, manufacturing, engineering, and construction over all tertiary graduates)



Availability of High Quality Labor - R&D Centres



Science Technology Park Niš is the meeting point between research, innovation and economic development. STP Niš has been established as a partnership between the Republic of Serbia Government, the City of Niš and the University of Niš. It aims to become a regional center for the dynamic development of innovative science and technology entrepreneurship, the international promotion of projects and companies. Valuable assets will provide a range of benefits to regional and national economic systems, including specialized skills for business innovation services, capacity for the creation and development of innovative start-ups, cutting-edge equipment and technological facilities for industrial research, advanced training for human resources.



The Science Technology Park Belgrade is intended for startups and growing high-tech development companies (SMEs and development centers of international companies), helping them develop and commercialize innovative products and services. STP Belgrade has been established as a partnership between the Republic of Serbia Government (represented by the Ministry of Education, Science and Technological Development), the City of Belgrade and the University of Belgrade, based on international experiences and best practices, thus becoming a place where Institutions meet Science and Industry.

STP Belgrade has become a new business core of the city that brings together dozens of high-tech development companies/teams by providing different programs and activities, and plays an essential role in developing the innovation ecosystem in Serbia.

Availability of High Quality Labor - R&D Centres



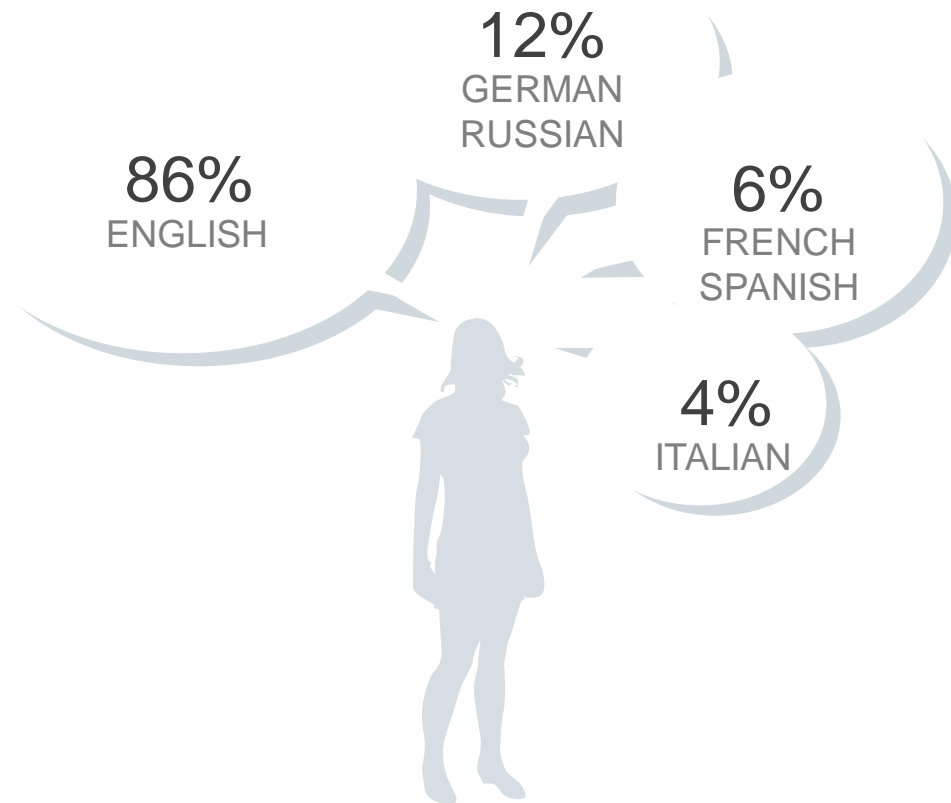
The Park will be used by the Faculty of Technical Sciences, and its construction was a joint project of the Government of Serbia and the Provincial Government of Vojvodina, with the help of the City of Novi Sad and the Faculty. A new facility, spanning 30,000 square meters in total, where 3,000 students and 400 professors and assistant professors from the Faculty of Technical Sciences can enjoy state-of-the-art working conditions on an area of 10,000 sqm. The Science & Technology Park, a smart, green building, is a remarkable facility in the architectural and the technical-technological sense and an important starting point for future development. It is important for multiple reasons, primarily for establishing the link between science and business, as well as for the development of IT and startup projects.



Science technology park Čačak has been established to enable collaboration between industry, science and research through the development of new ideas in order to increase the competitiveness of the regional economy. Science and technology park Čačak provides the infrastructure, management and technical assistance to innovative startup businesses, enabling them further growing and development through professional support and technology transfer from academic and research sector. STP Čačak provides education for innovative entrepreneurship, support to innovation and the establishment of innovative enterprises, Startup Centre Services as well as Logistics and Technical Support.

Availability of High Quality Labor

Foreign Language Proficiency



Percentage of job applicants that speak a foreign language

Although public expenditure on education remains low in Serbia compared to other countries in Europe, Serbia boast a remarkable level of English proficiency. There is a widespread acceptance in Serbia that foreign language skills are essential for international integration, coupled with education systems that emphasize the importance of English and other foreign languages in knowledge-based economies.

High Proficiency Score

17th place in the World (out of 100 countries in the world)

15th place in Europe (out of 33 European countries)

Source: EF EPI , EF English Proficiency Index, 2019

Availability of High Quality Labor

Availability of Labor

9.9%

Unemployment Rate

Structure of Unemployed by Level of Education

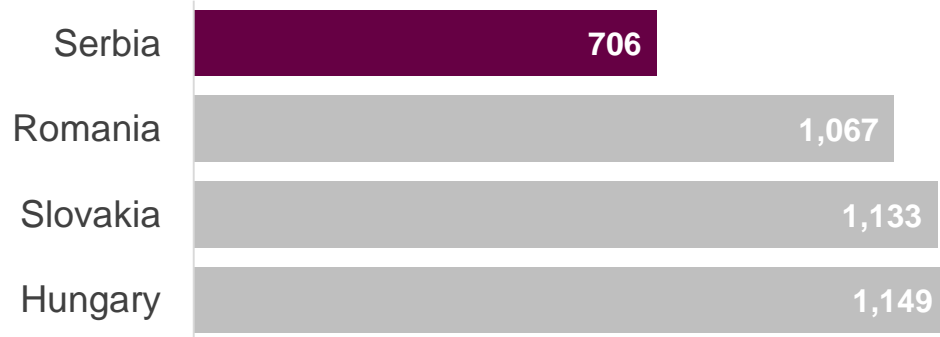
Level of Education	Number of Unemployed	%
No Education and Primary School	51,600	16.1
High School	190,500	59.3
University and College	78,800	24.6
Total	321,000	100%

Structure of Unemployed by Age

Age Group	Number of Unemployed	%
15-24	70,800	22.1
25-34	97,000	30.2
35-44	68,100	21.2
45-54	52,100	16.2
55-64	32,600	10.2
65+	400	0.1
Total	321,000	100%

Competitive Operating Costs

Labour cost (€) GROSS AVERAGE MONTHLY SALARIES



Source: The Vienna Institute for International Economic Studies, 2020

Corporate Profit Tax (%)



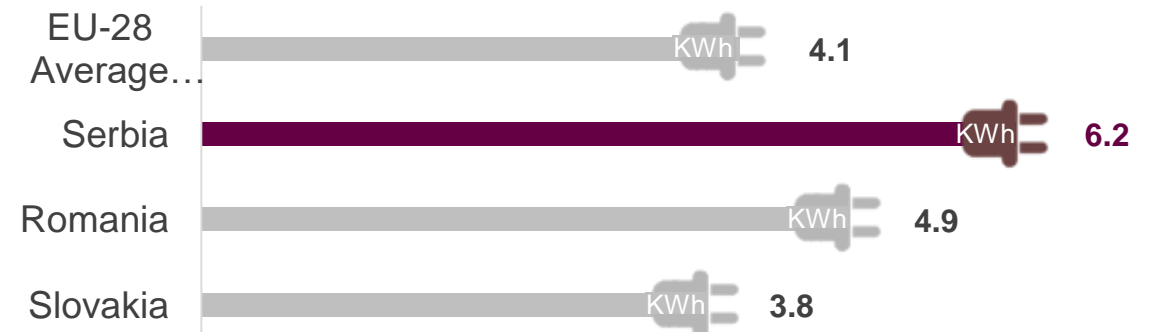
Source: KPGM, 2021

Office Space Rental per Month PRIME RENT, SQM FOR €100?



Source: Cushman & Wakefield, Q3 2020

Electricity HOW MUCH kWh CAN YOU BUY FOR €0.50?



* Excluding VAT and other recoverable taxes and levies
Source: EUROSTAT, Q2 2019

Competitive Operating Costs

Average Net Salary by Regions (EUR)



Old Build 1-2.5€/m²
New Build 3-5€/m²

Industrial Facility
Lease Cost



200-400€/m² Average Building Cost



0.067 €/kWh



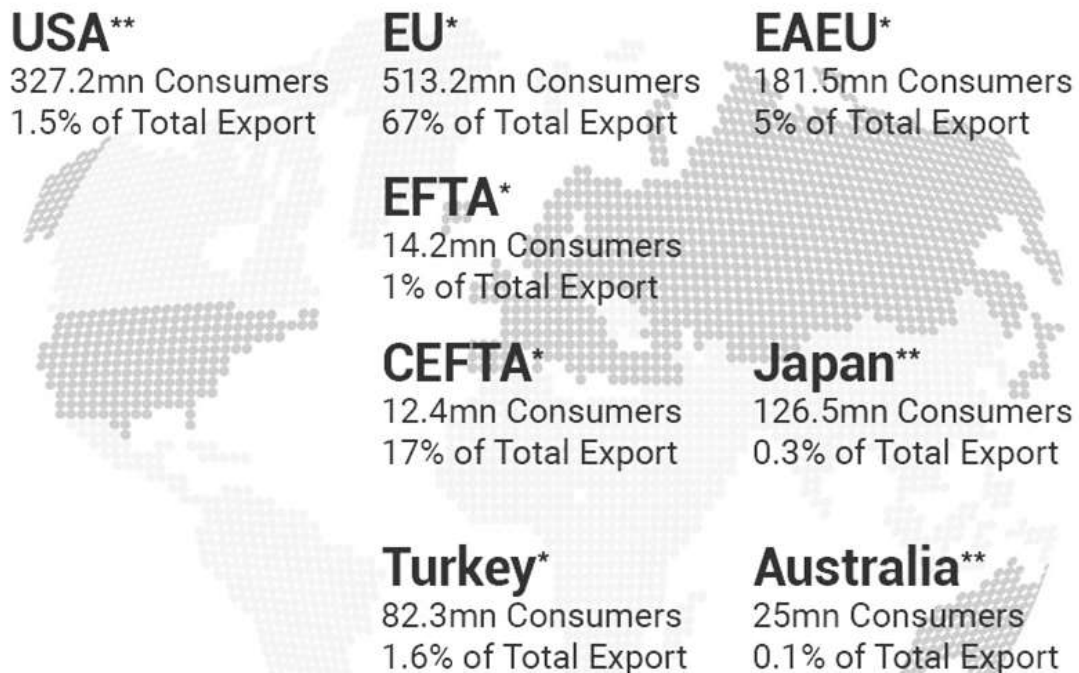
0.6-1.3 €/m³



0.38-0.42 €/m³

Customs-Free Access to 1.3bn Consumers

Total: 1.3bn Consumers



World Bank Doing Business List- Trade Across Border	
Country	Rank
Norway	22
Serbia	23
Albania	24
Latvia	25
Bhutan	26
North Macedonia	27
United Kingdom	28

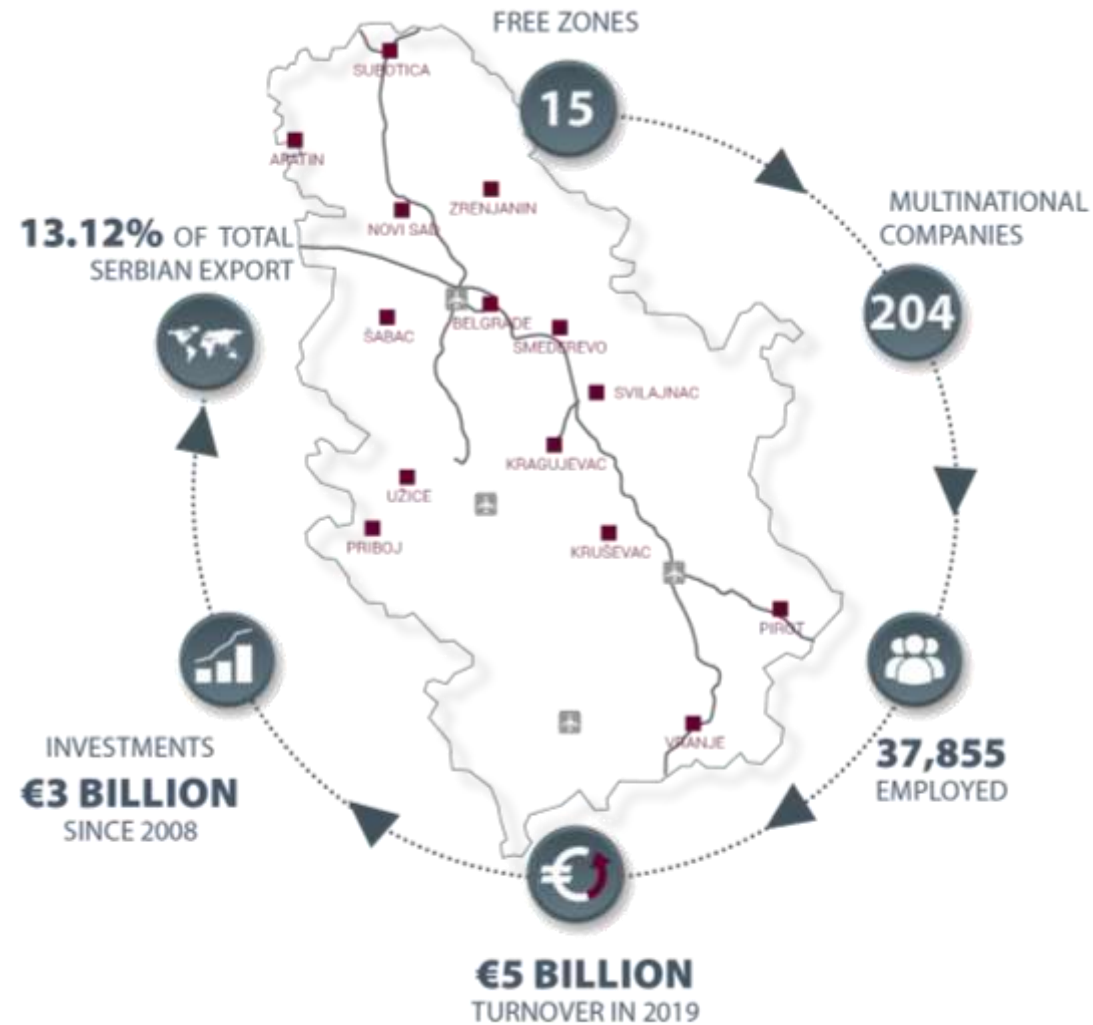
Did you know?

Externally, Serbia can serve as a manufacturing hub for duty-free “made in Serbia” exports to a market of more than 1 billion people that includes the EU, USA, Turkey, South East Europe, the European Free Trade Agreement members, as well as Russian Federation and Eurasian Economic Union (EAEU) member states. This customs-free regime covers most key industrial products.

* FTA - Free Trade agreements
 **GSP - Generalized System of Preferences

Free Trade Zones

Free Trade Zones



Financial Benefits and Incentives

Financial Incentives

To offset initial capital investments and ease the start-up of business endeavours, the Government of Serbia offers financial support for projects in the manufacturing sectors and services sector which may be subject to international trade.

Corporate Income Tax Incentives

A 10 year Corporate Income Tax Holiday is available for investors who hire more than 100 employees and invest more than 8.3 million euros (1 billion RSD). Tax holiday begins once the company starts making a profit.

Payroll Tax Incentives

Employment of people who were registered with the National Unemployment Agency for more than 6 months entitles employers to a sizable relief of taxes paid on net salary from the moment of employment:

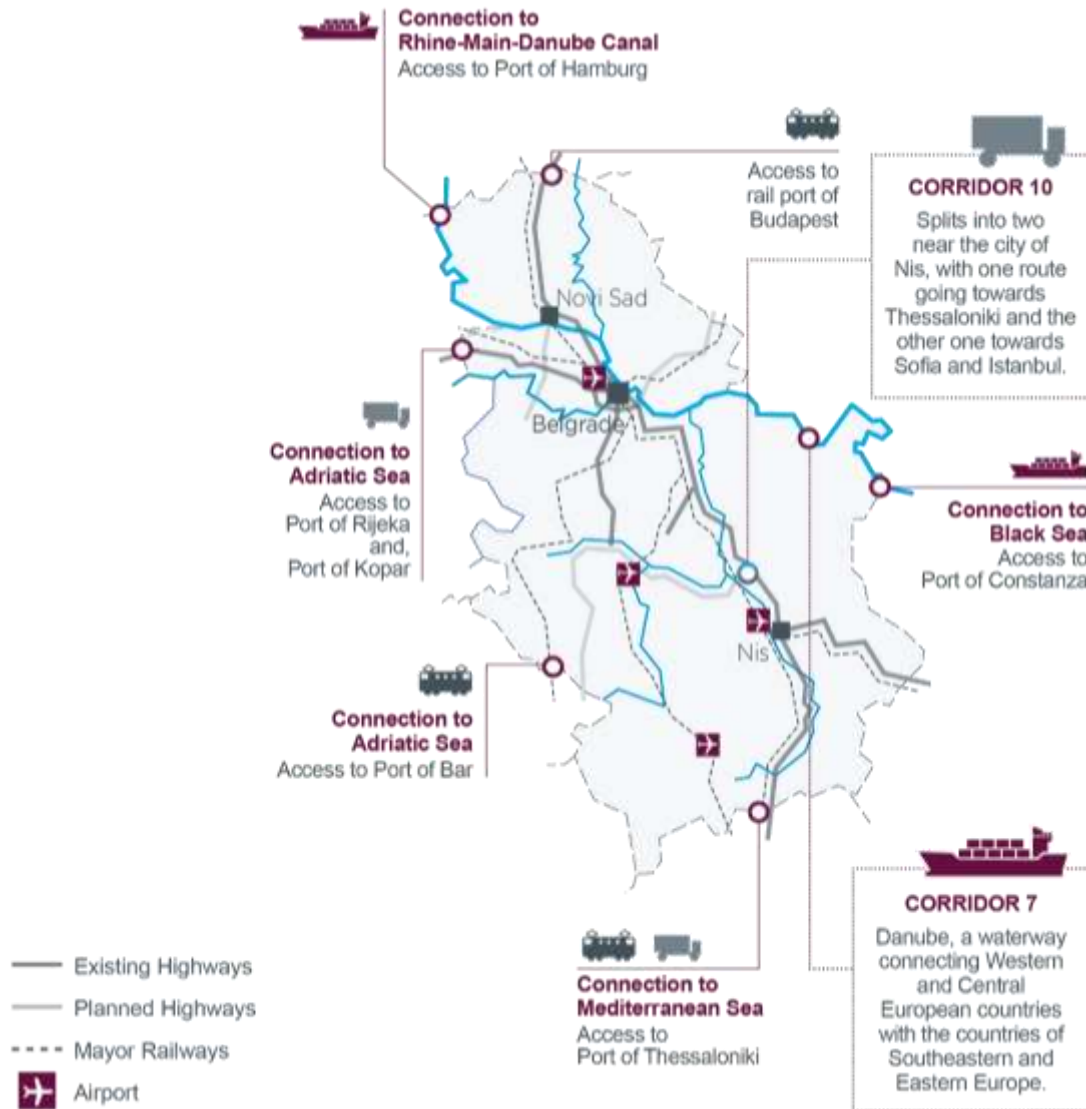
- 1-9 new jobs: 65% reduction
- 10-99 new jobs: 70% reduction
- 100+ new jobs: 75% reduction

(payroll tax incentives can't be combined with Financial Incentives)

Financial Benefits and Incentives

LEVEL OF DEVELOPMENT OF THE LOCAL MUNICIPALITY	MINIMUM NUMBER OF NEW JOBS CREATED*	MINIMUM LEVEL OF INVESTMENT*	LEVEL OF INCENTIVES		
			Percentage of 2-year gross salaries	Percentage of Investment in Fixed Assets (OPTIONAL)	Bonus for Labor Intensive Projects (OPTIONAL)
I	50	500,000 EUR	20% MAX 3,000 EUR per employee	+ up to 10%	For 200-500 employees +10% of the sum of 2-year gross salaries For 500-1,000 employees +15% of the sum of 2-year gross salaries For more than 1000 employees +20% of the sum of 2-year gross salaries
II	40	400,000 EUR	25% MAX 4,000 EUR per employee	+ up to 15%	
III	30	300,000 EUR	30% MAX 5,000 EUR per employee	+ up to 20%	
IV	20	200,000 EUR	35% MAX 6,000 EUR per employee	+ up to 25%	
V (Devastated Regions)	10	100,000 EUR	40% MAX 7,000 EUR per employee	+ up to 30%	

Optimal Geographic Location



”

The existing infrastructure, speed of issuance of building permits, administrative procedures and existing transport corridors and logistics, provide solid and stable business environment, similar to the business environment in the EU.

Mr. Zivko Topalovic, CEO, ContiTech Fluid Serbia (Continental AG)

Easily Accessible

Getting to Serbia is easier than ever!

With the formation of the national airline - Air Serbia in 2013, Belgrade International Airport has increased a number of passengers for over 60%.

Duration of Flights



Staying close to your customers

Serbia's optimal geographic location keeps you close to your customers with the ability to serve most EU markets by road in less than 24 hours.



Political And Economic Stability

- The Government of the Republic of Serbia is committed to developing a stable and predictable business climate by continuing the implementation of overarching reforms, fiscal consolidation aimed at reducing the national debt, improvement of regional cooperation, investments into infrastructure, and reform of the educational system.
- Over the past year, the Government has improved the business climate by changing the following laws:
 - Labor Law
 - Privatization and Bankruptcy Law
 - Planning and Construction Law
 - Law on Investments



The Serbian government has also moved ahead with an ambitious economic and structural reform agenda which will contribute to a more attractive business environment: restoring growth, improving competitiveness and creating new jobs.

Mr. Johannes Hahn
European Commissioner for European
Neighborhood Policy and Enlargement Negotiations

Success Stories

Fiat Chrysler Automobiles



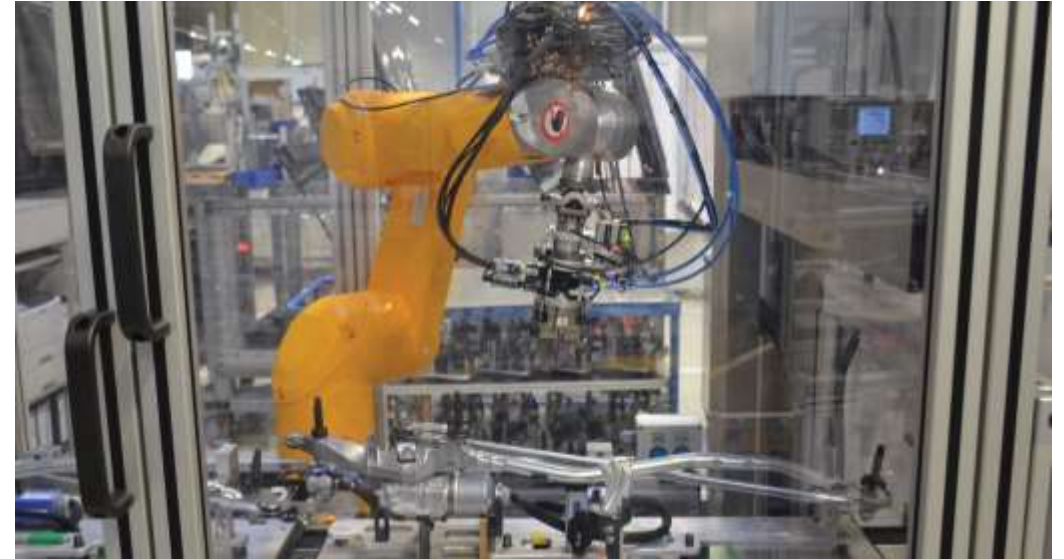
- Fiat Chrysler Automobiles – FCA is the 7th largest automaker in the world
- FCA Serbia was established in 2008 as a joint venture between Fiat Group Automobiles (67%) and the Republic of Serbia (33%)
- Fiat invested €1.6 billion in Serbia's automotive industry, out of which € 850 million was invested in the state-of-the-art equipment with the capacity to produce 200,000 units per year
- Since its formation, FCA Serbia has been Serbia's largest exporter
- Today, FCA Serbia has almost 3,000 employees and produces around 100,000 cars per year



Bosch Group



- The Bosch Group is an international leader in the field of research and development with about 5,000 registered patents, or an average of 20 new patents per work day
- Bosch has been operating in the Republic of Serbia since 1991
- In 2013, Robert Bosch opened a factory in the city of Pecinci for the production of automotive components, with 22,000 square meters of production floorspace
- Company has formed close ties with local schools and universities, with multiple internship and apprentice programs in place
- Today, Robert Bosch employs more than 1,000 workers in Serbia with a total investment of EUR 71 million



Michelin Group



- The Michelin Group is the 2nd largest tire producer in the world
- Michelin has been present in Serbia since 1995. Since 2009, Michelin has invested approximately 400 million euros in Serbia and currently employs 3,000 workers
- In 2009, Michelin acquired Serbia's largest tire producer – Tigar Tires – through privatization
- Today, Tigar Tires is the third largest exporter in Serbia, producing 12 million passenger car tires annually, with an export value of more than €300 million



Cooper Tire and Rubber Company



- Cooper Tire and Rubber Company is the 5th largest tire manufacturer in the US
- In 2012, Cooper Tire acquired Trayal, Serbia's second largest tire producer, through privatization
- Over the past four years, Cooper Tire has invested more than 50 million euros in Serbia
- Cooper Tire employs more than 600 workers in Serbia
- Cooper Tire is the largest American investor in the automotive industry



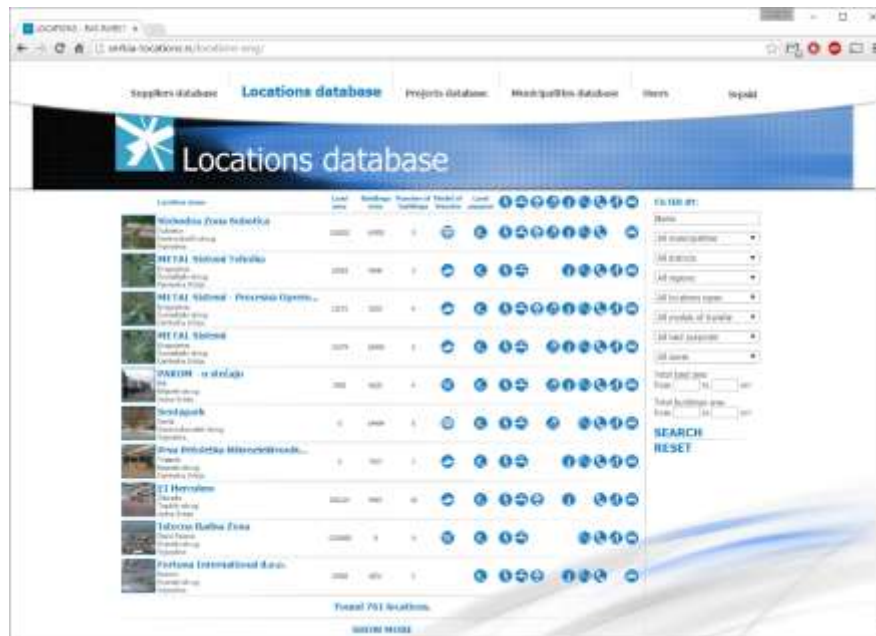
Development Agency of Serbia
RAS

About

- Development Agency of Serbia is a government organization dedicated to facilitating and implementing direct investments, promoting and increasing exports, improving the competitiveness of Serbian economy, as well as reputation, and economic and regional development of the Republic of Serbia
- RAS provides support to investors from the initial, question and answer stage of the investment all the way through the implementation and the entire lifecycle of the investment
- RAS Direct Investment Advisors are available at all times to answer any questions or provide assistance

About Us

RAS Locations Database represents the most up to date registry of available greenfield and brownfield locations for investment in Serbia including general data, land and building information, ownership information, legal status and infrastructure.



<http://www.serbia-locations.rs>



RAS

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