

Automotive Industry

The Czech automotive industry represents one of the most developed automotive markets in the CEE region. Based on its long tradition and technical know-how, the Czech automotive sector succeeded in transitioning into a European advanced automotive base while maintaining its attractive quality/price ratio. This is evident in the fact that in 2010 annual production of passenger cars exceeded one million units for the first time.



REASONS TO INVEST IN THE CZECH REPUBLIC

- Strategic position in Central Europe, direct access to the EU market of 500 million consumers
- Long industrial tradition & developed supplier network
- Stable business and political environment – EU and NATO membership
- Well-developed transport and logistics infrastructure
- Highly educated workforce, good access to university graduates with technical education
- Strong innovation potential for R&D projects
- Positive approach of the Czech government, investment support covering up to 60% of eligible costs through a transparent system of investment incentives
- First-class support from CzechInvest

BASIC FACTS

The Czech automotive sector is largely based on three carmakers, namely Škoda Auto (Volkswagen Group), Toyota Peugeot Citroën Automobile (TPCA) and Hyundai Motor Manufacturing Czech (HMMC). These producers draw resources from a well-developed Tier 1 to Tier 3 supplier network which includes firms such as Aisin, Bosch, Continental, Denso, Faurecia, Johnson Controls, Magna, TRW Automotive and many others. In 2011 and 2012, overall production of passenger cars reached nearly 1.2 million units. The automotive industry employs more than 260,000 people and accounts for more than 20% of both Czech manufacturing output and exports.

IF R&D IS WHAT YOU NEED

The modern history of the Czech automotive industry boasts not only production successes but also outstanding results in the field of automotive research and development. Based on the well-established automotive market and high-level technical education with one of the world's largest proportions of graduates, numerous R&D companies have established branches here. The more than thirty R&D companies that utilise the country's industrial potential and highly skilled engineers include Porsche Engineering Services, MBTech Bohemia, Ricardo, Idiada, Swell, Aufeer Design, Valeo, Visteon, Bosch, Continental, Faurecia, Hella, Honeywell, Siemens, TRW, TÜV-Süd, ZF Friedrichshafen and many others.

Technical universities and their R&D centres, such as Vehicle Centre of Sustainable Mobility at Czech Technical University in Prague and other technical universities in Plzeň, Liberec, Pardubice, Brno, Zlín and Ostrava closely cooperate with these companies, providing them with the workforce and know-how they need.

Additionally, CzechInvest provides financial support with the unique opportunity to fund R&D projects also from the national programme following the recent amendment to the Investment Incentives Act in 2012.

“What convinced us was the quality of Czech engineers and the long automotive tradition in the Czech Republic. For this reason we can promise further improvements in our results and achieve competitive prices.”

*Clive Hickman,
Managing Director, Ricardo Vehicle Engineering*

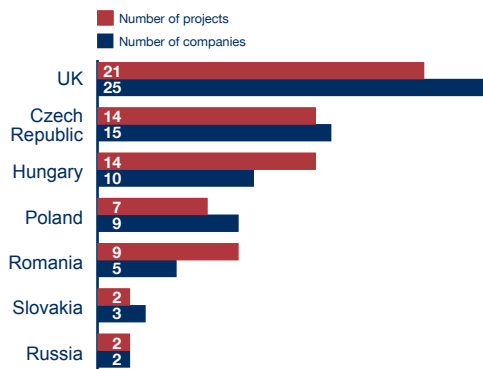
PRODUCTION FACILITIES

The Czech automotive industry has a strong manufacturing base. But the sector consists of more than just the passenger-car segment. Heavy- and medium-duty trucks, buses and motorcycles are also manufactured here. Heavy-duty trucks are manufactured mainly by the company Tatra, which is one of the world's oldest vehicle manufacturers. Avia produces medium-duty trucks in the city of Prague and was acquired by an Indian company, Ashok Leyland, in 2006. Bus manufacturers include Irisbus Iveco (the former Czech company Karosa), SOR Libchavy, Ekobus and Evobus, a Daimler Buses subsidiary.

“The Czech Republic attracted us mainly by its remarkable engineering tradition and high level of technical education. This is what we looked for. We are also very satisfied with the quality of the local component manufacturers.”

*Jean-Martin Folz
President of PSA Peugeot Citroën*

R&D and Technology Centres 2003-2012



Note: Incoming R&D Projects in Selected Countries. Data include projects in Research and Development Centres, Technology Centres and Design, Development and Testing in period Jan 2003 - Sept 2012.
Source: IDI Markets, 2012



1897

Tatra's Präsident model is the first passenger car produced in Central Europe



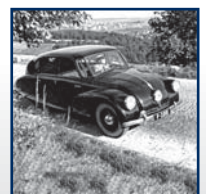
1905

Launch of car production at the company Laurin & Klement (later subsidiary of the Škoda Auto group)



1920

The Prague Autosalon is ranked as the third-largest automotive fair in Europe after Paris and London



1936

200,282 motor vehicles registered in Czechoslovakia. Top carmakers include Praga, Tatra, Škoda and Aero

INVESTMENT CASE STUDY

Škoda Auto (Volkswagen Group)

The entry of the German Volkswagen Group into Škoda Auto did not mean only significant adjustments to the latter's production and know-how but also changes in awareness of the Škoda Auto brand, which is improving every year. Since 1991, when Škoda Auto became the fourth brand of the Volkswagen Group, the Czech carmaker expanded its operations not only in its three production facilities in the Czech Republic but also in its foreign production and assembly plants in Russia and India, and also in its partner factories in China, India, Kazakhstan, Slovakia and Ukraine. Škoda Auto has further enhanced its activities in the Czech Republic. Besides opening a design centre, Škoda Auto established a technology centre in Mladá Boleslav in 2008 that delivers R&D solutions for the entire Volkswagen Group.

INVESTMENT CASE STUDY

Hyundai – the most modern car manufacturer in Europe

Another success story began with the announcement of a EUR 1 billion investment in Nošovice, Moravian-Silesian region, in 2006. Over the course of 18 months, the Korean car manufacturer Hyundai Motor Company built here its first production facility in Europe, which according to expert opinion is the most modern car factory in Europe. The facility produces four passenger-car models in the compact, SUV and MPV segments. Upon initiation of three-shift operation in autumn 2011, the maximum capacity of Hyundai Motor Manufacturing Czech rose to 300,000 cars per year.

R&D CASE STUDY

Porsche Engineering Services

Porsche Engineering is a top-quality automotive design and engineering services provider. From the concept phase to series production, Porsche Engineering supports its customers in the development of components, systems, modules and complete vehicles. Porsche Engineering in Prague specialises in complex technical calculations and simulations and will expand its competencies in related business areas. Thus, it contributes to the integrated engineering services of Porsche Engineering worldwide. Through the establishment of its Prague branch in 2001, Porsche Engineering participates in the vibrant Czech market.

Highly-qualified engineers and an interesting market with growing technical requirements make the Czech Republic a perfect location for advanced engineering services.

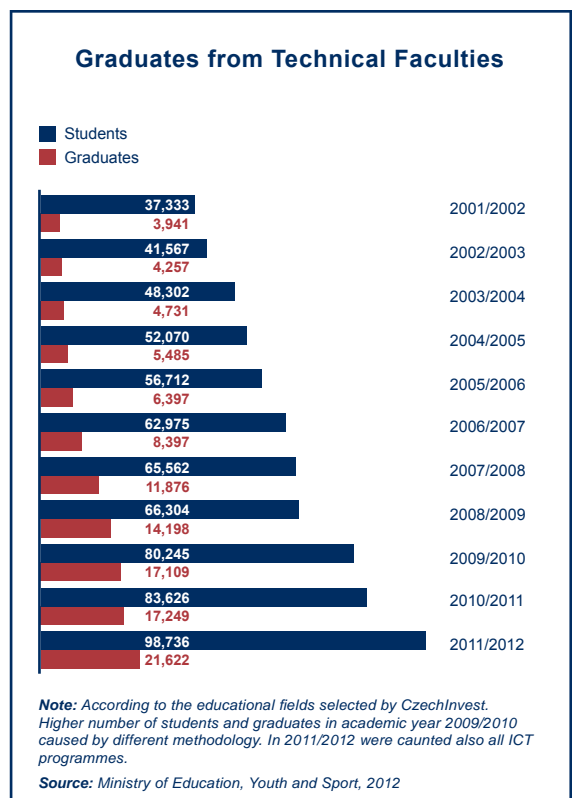
CZECHINVEST'S SERVICES

- Business Intelligence
- Consultancy on available financial support for investment projects
- Identification of suitable green/brownfield sites, production facilities and offices
- Identification of potential acquisition, joint-venture or supplier partners
- Tailor-made visits to the Czech Republic
- Liaising with government bodies
- AfterCare services

EDUCATION SYSTEM

The Czech Republic offers high-level technical education at several technical universities evenly distributed across the country, with more than 98,000 students majoring in technical or science-related fields. Over 21,000 graduates enter the workforce every year and the number of technical graduates increases by hundreds each year.

Apart from universities, the Czech education system features other sources of skilled labour, including specialised four-year secondary schools whose students graduate with the near equivalent of a university bachelor's degree.



1991

Joint-venture partnership between Škoda Auto and Volkswagen Group



2006

Launch of production at Toyota Peugeot Citroën Automobile, Kolín



2008

Launch of production at Hyundai Motor Manufacturing Czech, Nošovice



2010

Annual production of passenger cars in the Czech Republic exceeds one million units

SELECTED AUTOMOTIVE R&D INVESTMENTS AND TECHNOLOGY CENTRES



PRAGUE

MBtech Bohemia (AKKA)
Porsche Engineering Services
Ricardo Prague
TUV-Süd
Valeo Systemes Thermiques

CENTRAL BOHEMIA

MLADÁ BOLESLAV
AUFEER DESIGN
Faurecia
Idiada CZ
MBtech Bohemia (AKKA)
Swell
Škoda Auto
MNICHOVO HRADIŠTĚ
Behr Czech
ZDICE
Kostal CR
HOSTIVICE
Ingersoll Rand
NYMBURK
TUV-Süd

LIBEREC REGION

LIBEREC
Denso
Idiada CZ
MSV Systems CZ
JABLONEC NAD NISOU
TRW Automotive

PLZEŇ REGION

PLZEŇ
MBtech Bohemia (AKKA)
NARETEC
ZF Engineering

SOUTH BOHEMIA REGION

ČESKÉ BUDĚJOVICE
Bosch
MOSLED
DAČICE
TRW-DAS
STRAKONICE
ČZ a. s.

HRADEC KRÁLOVÉ REGION

HOŘICE
Swell
JIČÍN
Continental

PARDUBICE REGION

ÚSTÍ NAD ORLICÍ
FPOS - MOTO FGR

VYSOČINA REGION

JIHLAVA
Bosch
Motorpal
OKŘÍŠKY/NOVÁ VES
Mann+Hummel

SOUTH MORAVIA REGION

BRNO
Honeywell Turbo Technologies
Mann+Hummel
BLANSKO
Blata

OLOMOUC REGION

OLOMOUC
Horiba

MORAVIA-SILESIA REGION

FRENŠTÁT POD RADOŠTĚM
Continental Automotive Systems
Czech Republic
NOVÝ JIČÍN
Varroc Lighting
Visteon Autopal
OSTRAVA
Behr Czech
Hayes Lemmerz
Hella Autotechnik

ZLÍN REGION

HLUK
Visteon Autopal
VSETÍN
Nippon Kayaku

OUTSTANDING QUALITY OF LIFE

The Czech Republic boasts extraordinary quality of life.

The IMD World Competitiveness Yearbook's Quality of Life Index ranks the country twentieth in the world and first in the CEE region. But one must experience the local cultural heritage, sport facilities and natural beauty to fully grasp the joys of living in the Czech Republic. The country offers a full range of services required by expatriates and their families, including multilingual international schools covering all levels from kindergarten to MBA studies, attractive housing, shopping malls and first-class recreational facilities including over 80 golf courses and 12 UNESCO heritage sites.



DATE OF ISSUE: January 2013

CZECHINVEST HEADQUARTERS

CZECH REPUBLIC

PHONE: +420 296 342 500

FAX: +420 296 342 502

E-MAIL: fdi@czechinvest.org

WEB: www.czechinvest.org