

CZECH REPUBLIC

## MONTHLY NEWSLETTER

May 2009



### Headline News

#### Škoda Auto expands production

Škoda Auto's factory in Mladá Boleslav will manufacture transmissions for small cars produced by the German car Volkswagen. The company is investing more than CZK 1.5 billion in the expansion and will create 270 new jobs. Production of transmissions should begin at the end of 2010. Production capacity will be one thousand units per day.

### Business

#### Denso prepares expansion of factory

Denso Manufacturing Czech, a Liberec-based manufacturer of automotive air-conditioning units, is preparing to expand its manufacturing plant. The investment should amount to roughly CZK 1.2 billion. The existing production facility will be 50% larger when the expansion has been completed. Denso employs approximately 1,700 people in Liberec and

plans to create an additional 600 new jobs by 2013.

#### ITT starts production of automotive brake discs

ITT Corporation, an international firm involved in advanced technologies in numerous sectors, has opened a new factory to produce automotive brake discs. Due to specific logistical and strategic reasons the company decided to locate the 24,000 m<sup>2</sup> plant in Ostrava Hrabová, from which it will supply the entire region of Central and Eastern Europe. ITT Corporation currently employs roughly 100 people in the Czech Republic; by the end of this year it plans to offer an additional 200 jobs.

#### Continental to begin production of turbochargers

At the end of 2010 Continental Automotive Czech Republic will begin trial production of new types of turbochargers for internal-combustion engines. Series production will start in 2011 and the total

investment in production should reach approximately CZK 640 million. In 2014 production capacity should reach two million turbochargers annually.

#### Unipap opens new plant for production of industrial packaging

Unipap has opened a fully automated facility for production of industrial packaging in the town of Býšť in the Pardubice region. The company concurrently built a new development centre. The total investment amounted to CZK 100 million.

#### Bombardier expands production

Despite the current unfavourable economic situation, Bombardier Transportation, a manufacturer of light trains and trams, is expanding production. The firm currently has roughly 900 employees and is preparing to hire 1,100 more following completion of the investment in a new paint shop. Bombardier, which is a leading global producer of

transportation solutions ranging from regional and business jets to railway equipment, has already invested tens of millions of crowns in its Czech subsidiary in Česká Lípa.

### **Hell Energy Drinks to build logistics centre**

Hell Energy Drinks CZ, which imports energy drinks to the Czech Republic, has announced plans to build a logistics centre in Kopřivnice in the Nový Jičín region. Within two years the facility will grow into a 2,000 m<sup>2</sup> complex with a warehouse. The investment amount will be in excess of CZK 10 million.

### **Hewlett-Packard opens its first branded store in the Czech Republic**

Hewlett-Packard, the world's largest computer manufacturer, has opened its first Czech branded store in the Prague. By the end of the year the company should build at least five such retail outlets in the Czech Republic. Hewlett-Packard was the top performer on the Czech computer market in 2008.

### **Lego building new warehouse**

The Danish firm Lego Production has begun construction of a new, fully automated warehouse in Kladno. The structure measuring 5,200 m<sup>2</sup> should be completed in 2010 at a cost of EUR 13.5 million. The warehouse will enable further development of the toy company, which has been operating in the Czech Republic for ten years.

### **Saxo Bank opens its first branch in CEE**

Saxo Bank of Denmark will locate its first office in Central and Eastern Europe in Prague. The bank, a leading player in online financial-instruments trading, is thus responding to the growing interest of private investors. Saxo Bank specialises in online investing in international capital markets.

### **IKEA planning to open another retail outlet**

IKEA is planning to open another retail outlet in Hradec Králové, which will thus become the fourth city in the Czech Republic where the Swedish company operates. This year the company will also begin construction of a new 35,000 m<sup>2</sup> retail outlet in Prague.

### **Bradley coming to the Czech Republic**

Bradley Corporation, an American producer of sanitary and bathroom equipment, is planning to enter the Czech market. The company will seek business and production partners in the Czech Republic.

### **Other**

### **Hospimed establishes modern medical centre**

Beginning in June an information centre for modern medical processes and technologies will be in operation at a Prague clinic in Palacký Street. The centre is being established by Hospimed under the professional auspices of the Society of Robotic Surgery. Hospimed is a strategic partner of the American manufacturer Intuitive Surgical, which developed the da Vinci robotic system, a multi-armed robot that very efficiently assists surgeons performing operations on patients.

### **Politics**

### **The Czech Republic has a new government**

President Václav Klaus has appointed the caretaker government of Prime Minister Jan Fischer. The new government will lead the Czech Republic until early elections are held in October this year.

Exchange Rates  
Averages for May 2009  
EUR 1 = CZK 26.738  
GBP 1 = CZK 30.237  
USD 1 = CZK 19.571

Sources: Czech National Bank, Czech AM by Czech Information Agency, Prague Daily Monitor, Radio Prague, dailies Hospodarske noviny, Pravo, MF Dnes and Lidove noviny

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