

AUTOMOTIVE PARTS SECTOR IN BULGARIA

a report by SeeNews Competitive Intelligence

July 2015



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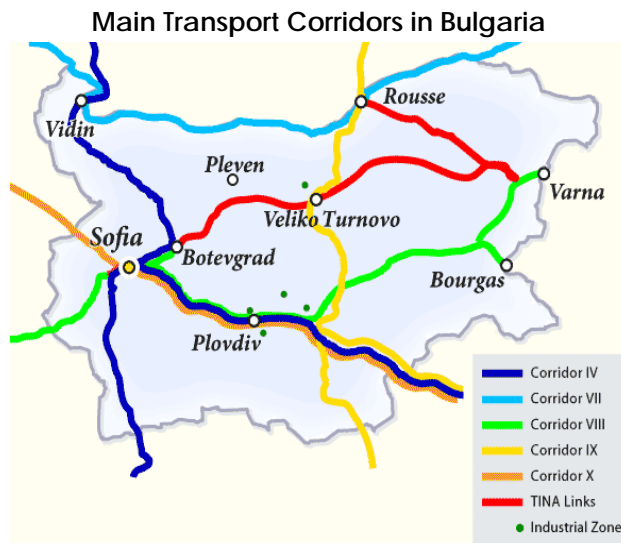
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1. AUTOMOTIVE PARTS SECTOR IN BULGARIA – INVESTMENT POTENTIAL

1.1. Country investment advantages

Bulgaria’s strategic geographic location in Southeastern Europe and its European Union (EU) membership provide locally-registered companies with a market of more than 500 million potential clients. The access to such an enormous market is supported by the five Pan-European transport corridors that pass Bulgaria, the five international airports and the 64 river and sea ports in the country.



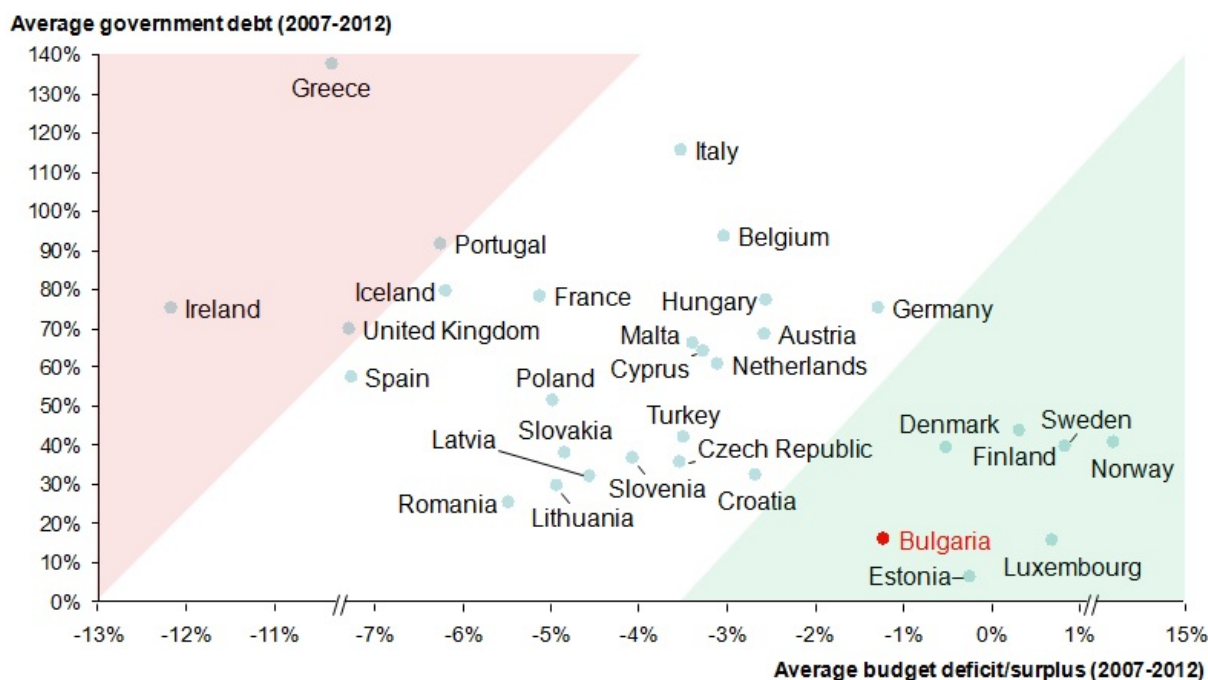
Source: InvestBulgaria Agency

Bulgaria offers a low corporate and personal tax rate of 10%, the lowest labour costs within the EU, modern office space and favourable office rents, as well as low utility expenses. The country is operating a currency board system, which provides financial stability by cushioning exchange rate movements. Other macroeconomic advantages are the low budget deficit and government debt.

Bulgaria also has a well-developed educational system, which comprises more than 50 universities, including five technical universities in major cities, with about 60,000 graduates every year.

Key indicators		
Indicator	Bulgaria	EU average
Real GDP growth rate in 2013	1.10%	0.00%
Corporate tax rate	10%	24%
Average annual wage in industry and services sectors (EUR)	4,599	26,402
Industrial gas price (EUR per gigajoule)	9.89	10.56
Electricity for industry sector (EUR per kWh)	0.080	0.094

Source: InvestBulgaria Agency



Source: Eurostat, InvestBulgaria Agency

The Bulgarian government supports investments in specific industries under the Investment Promotion Act (IPA). In order an investment project to be supported the minimum investment amount must exceed EUR 2.5 mln. However, this limit narrows to EUR 1.0 mln for projects in regions with high unemployment and to EUR 0.5 mln for investments in high-tech projects.

IPA supported industries	Benefits for investors
✓ Manufacturing	✓ Shortened administrative procedures
✓ Research & development	✓ Preferential acquisition of state or municipal land
✓ Education	✓ Financial support for professional training/education
✓ Healthcare	✓ Infrastructure subsidies
✓ High-tech services	✓ Labor cost subsidies
✓ Warehousing and logistics	✓ Individual administrative services

Bulgaria improved significantly its position in the ranking on ease of doing business, according to World Banks' Doing Business 2015 report. The country went up to the 38th position in the 2015 report, compared to its 58th position in previous year's report. Bulgaria made easier starting a business by simplifying preregistration and registration formalities, the World Bank noted. The country was among the economies in Southeastern Europe to achieve the highest average score on the strength of insolvency framework index, the report showed. Bulgaria implemented many of the good practices measured by the index as part of its reform efforts.

Bulgaria also improved its position in the Global Competitiveness Index of the World Economic Forum by scoring 4.37 points in the 2014-2015 ranking, thus occupying the 54th place, up from 57th place in the 2013-2014 ranking. Bulgaria outpaced almost all countries in Central and Eastern Europe, including Romania, Slovenia, Croatia and Greece. Bulgaria ranks highest in health and primary education, macroeconomic environment and technological readiness.

1.2. Investment potential in automotive parts sector

The manufacturing of parts and accessories for motor vehicles in Bulgaria experienced a sharp development in the period 2000-2014. The industry's expansion was thanks to the many foreign automotive parts manufacturers, which stepped on the Bulgarian market in the period under review. The local arms of the foreign producers are export-driven and supply major international car makers such as Volkswagen, KIA, Hyundai, Renault, BMW, Mercedes, FIAT, Ford, Audi and Volvo.

The total revenue of the car parts and accessories manufacturing sector accounted for 2.0% of the country's GDP in 2014 and 1.8% in 2013. The sector employed 13,688 people in 2014, compared to 13,832 in 2013.

Bulgaria's key advantages in attracting foreign investments in the manufacturing of parts and accessories for motor vehicles field include:

- ✓ Well-educated and experienced workforce with 30,000 students graduating annually in majors related to the car parts manufacturing sector;
- ✓ Competitive price of labour and high productivity;
- ✓ Easy access to large markets such as EU, Russia and the Middle East;
- ✓ Transfer of know-how from major international companies operating in the country;
- ✓ Financing under EU structural funds

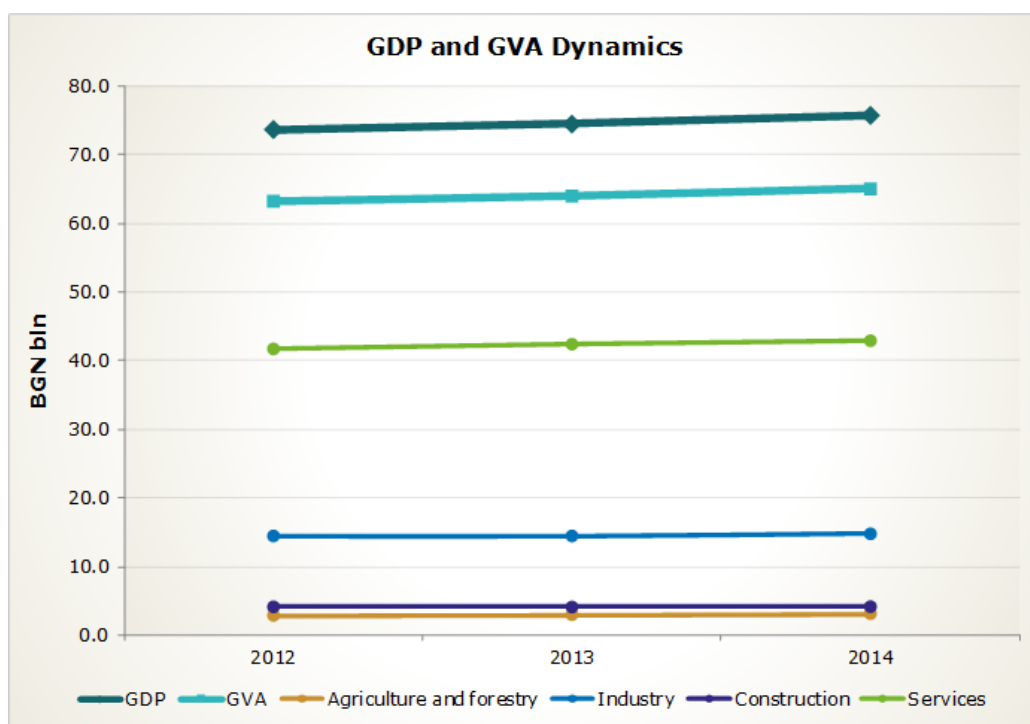
As of mid-June 2015 Bulgaria managed to absorb 82.28% of the money from the EU structural funds, according to data of the country's Ministry of Finance. The total amount of the funds absorbed under the Operational Programmes stood at BGN 12.905 bln.

EU Operational Programmes' Priority Axes Concerning the Automotive Parts Sector		
Priority name	Payments (BGN mln)	% of implementation
Support for innovation in enterprises	252.691	74.65%
Improvement of technologies used and management of enterprises	586.713	71.25%
Financial instruments for enterprise development	682.813	99.75%
Strengthening the international market positions of the Bulgarian economy	49.180	66.77%
Raising the productivity and adaptability of employees	301.825	82.64%
Strengthening the links between institutions for education and training, research and business sectors	102.577	86.01%

2. BULGARIA – ECONOMY SNAPSHOT

Bulgaria – Macroeconomic Snapshot		
Indicator	Value/Change in value	As of
<i>GDP Growth</i>	1.7% y/y	2014
<i>Business confidence indicator</i>	1.2 pp m/m	February 2015
<i>Industrial output</i>	0.9% y/y	December 2014
<i>Industrial sales</i>	3.5% y/y	December 2014
<i>Wholesales</i>	-16.9% y/y	Q4 2014
<i>Retail sales</i>	6.4% y/y	December 2014
<i>Average annual inflation</i>	-1.4%	December 2014
<i>Unemployment rate</i>	10.6%	Q4 2014
<i>Number of building permits</i>	3.3% y/y	Q4 2014
<i>Money supply growth</i>	1.1% y/y	December 2014
<i>Household loans</i>	-1.6% y/y	December 2014
<i>SOFIX blue-chip index</i>	-8.5% y/y	January 2015
<i>Gross external debt</i>	EUR 39.558 bln	December 2014
<i>Current account surplus</i>	EUR 18.8 mln	2014
<i>FDI inflow change</i>	5.4% y/y	Q3 2014
<i>Foreign trade deficit</i>	EUR 453 mln	Q3 2014
<i>Number of foreign tourist overnights</i>	6.9% y/y	January 2015

The country's **GDP** increased by 1.7% y/y and totalled BGN 75.745 bln (EUR 38.728 bln) in 2014, according to preliminary data of the National Statistical Institute (NSI).



Source: NSI

The gross value added (**GVA**) generated by the national economy increased by 1.6% y/y in 2014 and totalled BGN 65.030 bln. The industrial sector grew in value by 2.1% y/y and its share in the GVA structure inched up to 22.7% from 22.6%. The services sector recorded a 1.2% annual increase, slicing a 66.0% share in the GVA, down from 66.3% in the previous year. The agricultural sector registered an annual rise of 5.2%, thus increasing its share in the GVA to 4.8%, from 4.7% in 2013. The construction industry also marked a growth, of 1.4%, but its share in the GVA remained unchanged at 6.4%.

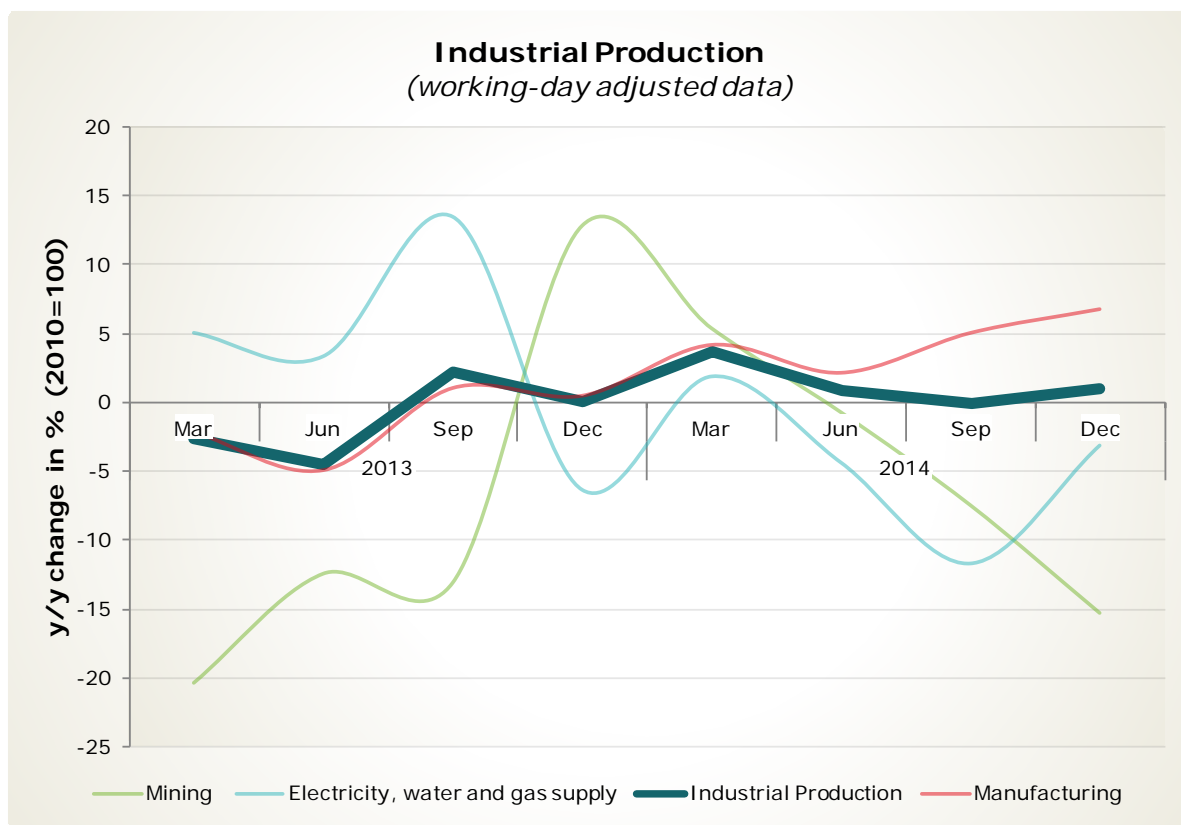
In February 2015 the **business confidence indicator** went up by 1.2 percentage points m/m due to the improved business climate in the manufacturing industry, construction and retail trade.

Economic uncertainty, tough competition, financing issues and low demand are among the key factors, which impede the development of the sectors.

The business confidence indicator grew by 3.8 percentage points m/m in January 2015 and fell by 1.1 percentage points m/m in December 2014.

Industrial output went up by 0.9% on the year in December 2014. The mining, and electricity, water and gas supply sectors fell by 15.3% and 3.1% y/y, respectively, while the manufacturing sector rose by 6.8% y/y.

Manufacture of motor vehicles, trailers and semi-trailers was the segment to report the highest annual production growth, of 53.9%, while mining of metal ores slumped by 18.0% y/y.



Industrial sales increased by 3.5% y/y in December 2014. The manufacturing industry rose by 3.0% on the year. Sales in the manufacture of metal products except machinery and equipment achieved the highest annual growth of 50.8%, while repair and installation of machinery and equipment marked the sharpest drop of 12.5%.

The **wholesale** sector went down by 16.9% y/y in the fourth quarter of 2014. Non-specialised wholesale registered the steepest drop of 33.0%. Wholesale of computer and communications equipment reported the highest rise, of 34.8%.

In the period January – December 2014 the **average annual deflation** was 1.4%. The highest average annual decrease of 22.1% in consumer prices in the period under review was recorded in dental services, while prices of newspapers and periodicals registered the strongest increase, of 3.6%.

Unemployment in Bulgaria narrowed to 10.6% of the total labour force in the fourth quarter of 2014 from 13.0% a year earlier, according to data of NSI.

The **average monthly salary** in the fourth quarter of 2014 rose by 4.7% q/q and grew by 2.3% in annual terms to BGN 847 (EUR 433). Wages in the public and private sectors went up by 4.9% y/y and 1.4% y/y, respectively. Employees in the IT and Communication sector and in the Electricity, gas and water supply and production had the highest salaries of BGN 1,791 and BGN 1,543, respectively.

Housing prices inched up by 1.2% to an average BGN 874.5 per sq m in Q4 2014, compared to BGN 864.5 per sq m in the previous year.

Loans to non-financial corporations fell by 11.6% y/y to BGN 31.011 bln in December 2014, by 11.5% y/y in November and up by 3.0% y/y in October 2014.

The **gross external debt** increased, totalling EUR 39.558 bln at the end of December 2014, which was 94.3% of the projected full-year GDP. It widened by 3.0%, or EUR 1.161 bln compared to November 2014.

The **current account** surplus was EUR 18.8 mln in 2014, compared to a EUR 848.2 mln surplus a year earlier, according to Bulgarian National Bank (BNB).

Foreign Direct Investments (**FDI**) fell by 7.3% y/y to EUR 1.182 bln in 2014, according to BNB. The 2014 FDI accounted for 3.1% of the projected full-year GDP, compared to 3.4% in 2013.



Source: BNB

3. MARKET ANALYSIS

3.1 Methodology

For the preparation of the analysis a throughout desktop research is implemented. The initial phase of the process is focused on data mining in official and verified secondary sources, which include, but are not limited to:

- Bulgarian trade register database;
- National statistical institute;
- original annual reports of companies;
- websites and publications of government and regulatory bodies;
- websites of international organizations (International Trade Centre, UN Comtrade);
- independent studies

Based on the data gathered during the research, qualitative and quantitative analyses are made. The results are:

- estimation of the market size in terms of volume and revenue
- identification and profiles of the top players in the industry
- market share and market penetration analysis
- industry landscape and dynamics

Forecasts for the development of the automotive parts sector in Bulgaria are made using the available historical data and mathematical models.

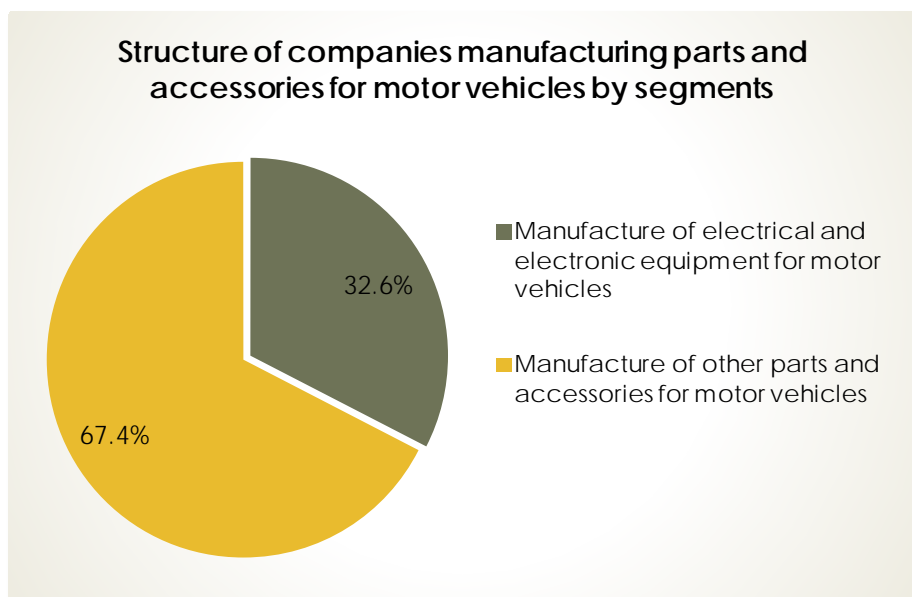
The information in the report for the car parts sector is based on the revised Statistical Classification of Economic Activities in the European Community (NACE Rev.2). The exact name and NACE code of the industry and its segments is presented in the table below:

NACE Code	Level	Industry/Sector/Segment/Subsegment Name
C	1 (Industry)	Manufacturing
29	2 (Sector)	Manufacture of motor vehicles, trailers and semi-trailers
293	3 (Segment)	Manufacture of parts and accessories for motor vehicles
2931	4 (Subsegment)	Manufacture of electrical and electronic equipment for motor vehicles
2932	4 (Subsegment)	Manufacture of other parts and accessories for motor vehicles

3.2. Industry analysis

Landscape

The Manufacture of parts and accessories for motor vehicles industry in Bulgaria was represented by 89 companies at the end of 2014, compared to 88 in 2013 and 78 in 2012.



The territorial structure of manufacture of parts and accessories for motor vehicles industry is characterized by uneven distribution of companies. Most of the enterprises are based in the capital Sofia, followed by Plovdiv and Stara Zagora, southern Bulgaria.

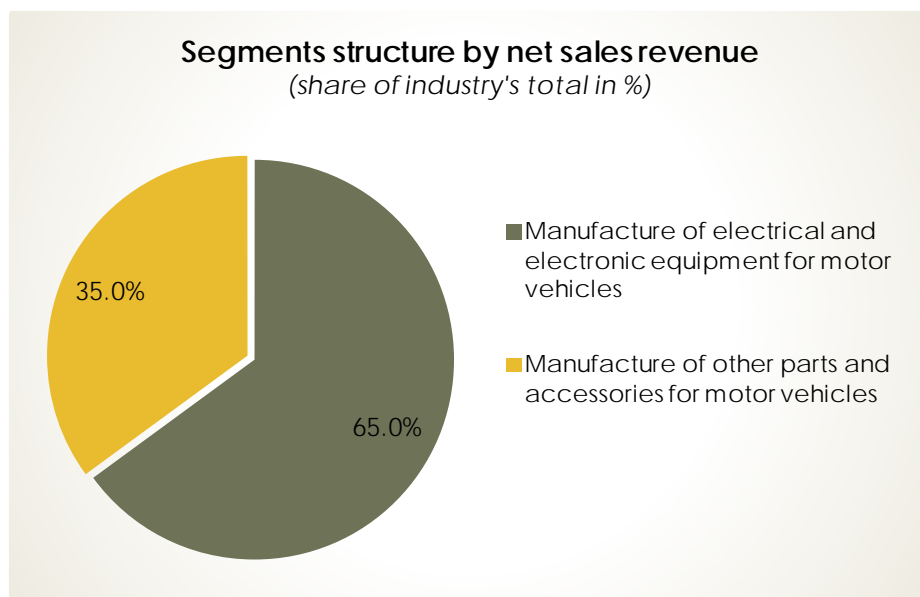
Employment

Statistics show that more than 13,688 were employed in the manufacture of parts and accessories for motor vehicles sector at the end of 2014, compared to 13,832 in 2013.

Market size

The companies in the manufacture of parts and accessories for motor vehicles market of Bulgaria earned combined net sales revenues of BGN 1.417 bln in 2014. In annual terms, sales marked an increase of 10.81% compared to 2013.

Manufacture of electrical and electronic equipment for motor vehicles recorded an annual growth of 10.57%, while Manufacture of other parts and accessories for motor vehicles increased by 11.27% on the year.



The revenues of the automotive parts sector made up 1.87% of the country's GDP in 2014, compared to 1.72% for 2013.

Costs

The combined costs of the companies in the car parts manufacturing industry reached BGN 1.348 bln in 2014. In annual terms, total expenses rose by 9.23% compared to 2013.

Employment expenses in the sector rose by 17.91% on the year, while the monthly costs per employee averaged BGN 990 in 2014 and BGN 831 in 2013.

The social security expenses in the industry were BGN 24.086 mln in 2014 compared to BGN 22.498 mln in 2013.

Profits and profitability

The profitability of the companies in the sector, measured by their operating earnings, rose by 24.89% y/y to a combined BGN 142.666 mln in 2014. At the same time, operating profit per employee in the industry as a whole was BGN 10,423 in 2014. For comparison, in 2013 it amounted to BGN 8,259.

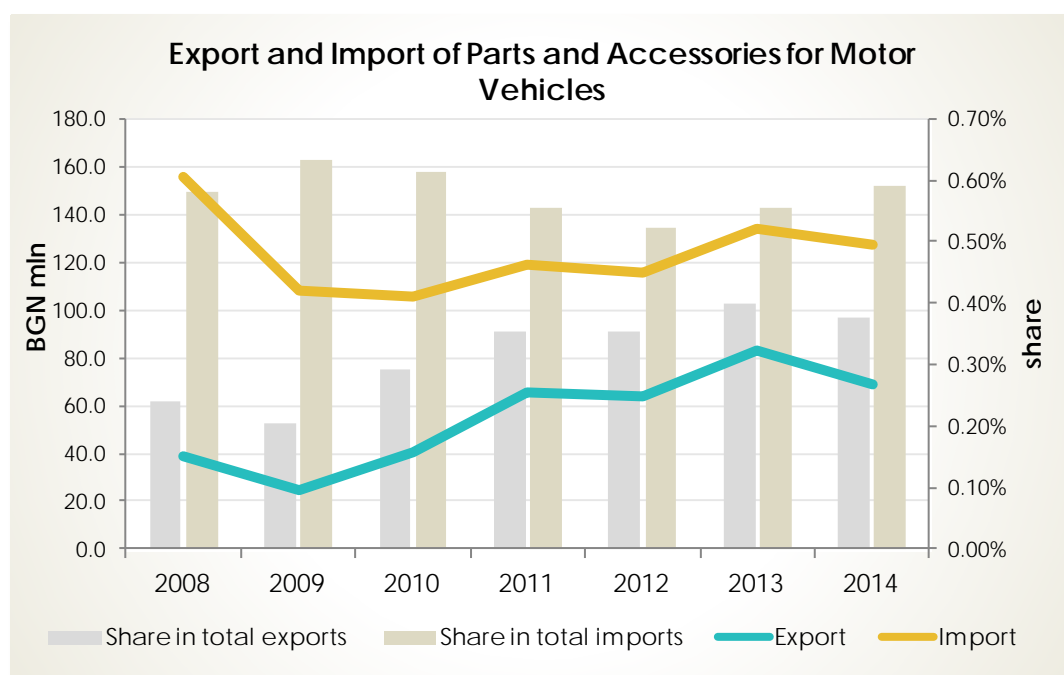
As a result, the profit margin for the sector stood at 8.17% in 2014, while in 2013 it amounted to 7.58%.

Margins vary for different segments: 13.14% for Manufacture of other parts and accessories for motor vehicles, and 5.49% for Manufacture of electrical and electronic equipment for motor vehicles.

3.3. Export and Import

Bulgaria's exports of parts and accessories for motor vehicles were constantly growing in the period 2009-2013 before dropping in 2014, according to UN Comtrade data. In 2014 the total exports amounted to BGN 68.788 mln, down from BGN 82.671 mln in 2013. However, compared to 2009, exports jumped by more than 75%.

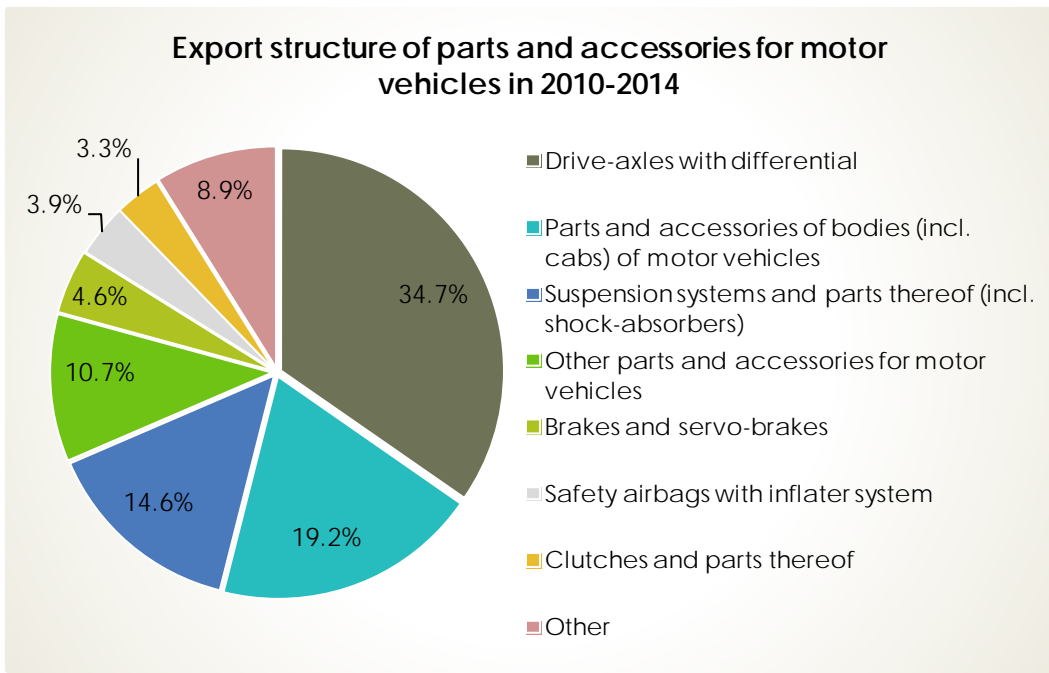
Imports fluctuated significantly in the period under review. After a sharp drop in 2009, they declined even further in 2010 before recovering slightly in 2011. In 2012 imports remained almost flat and in 2013 they went up by 16.3% y/y. In 2014 the imports totalled BGN 127.6 mln, much lower than the pre-crisis level in 2008.



Source: UN Comtrade

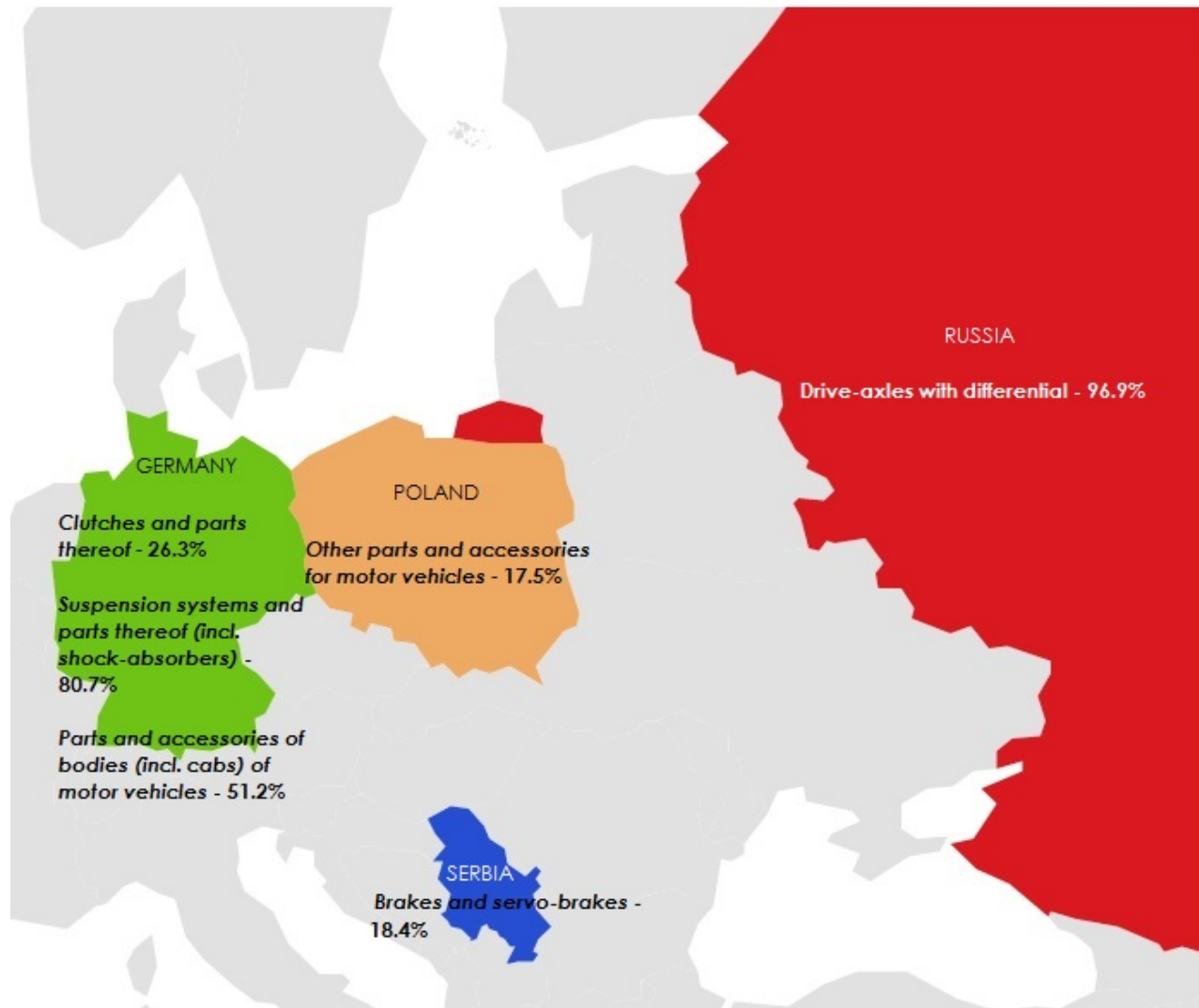
3.3.1. Export

The most exported car parts and accessories products in the period 2010-2014 were drive-axles with differential, parts and accessories for motor vehicle bodies, and suspension systems and parts thereof, according to data from International Trade Centre (ITC). They accounted for 68.5% of the total export value of the sector's 14 product groups in the period under review.



Source: ITC

Bulgaria's car parts sector main export destinations by main export segment* in 2014 – share of total segment exports



In 2014 Bulgaria's main export markets for the major segments in the parts and accessories for motor vehicles industry were Russia and the EU-countries, according to UN Comtrade data. The EU-member states accounted for 52.8% of the total exports with the main market being Germany. As a whole, Bulgaria exported parts and accessories for motor vehicles to more than 70 countries. However, the leading five markets in each of the main segments accounted for between 58% and 99% of the total segment exports.

Exports to the two main markets – Russia and Germany made up more than 66% of the total Bulgarian exports of car parts and equipment. The third largest export destination, Romania, had only a 5.5% share of the total.

*The six main export segments accounted for 90.0% of Bulgaria's total exports of motor vehicle parts and accessories in 2014

The main competitors of the Bulgarian manufacturers of car parts and equipment on foreign markets are world and regional major producers such as Germany, China, South Korea, and the Czech Republic.

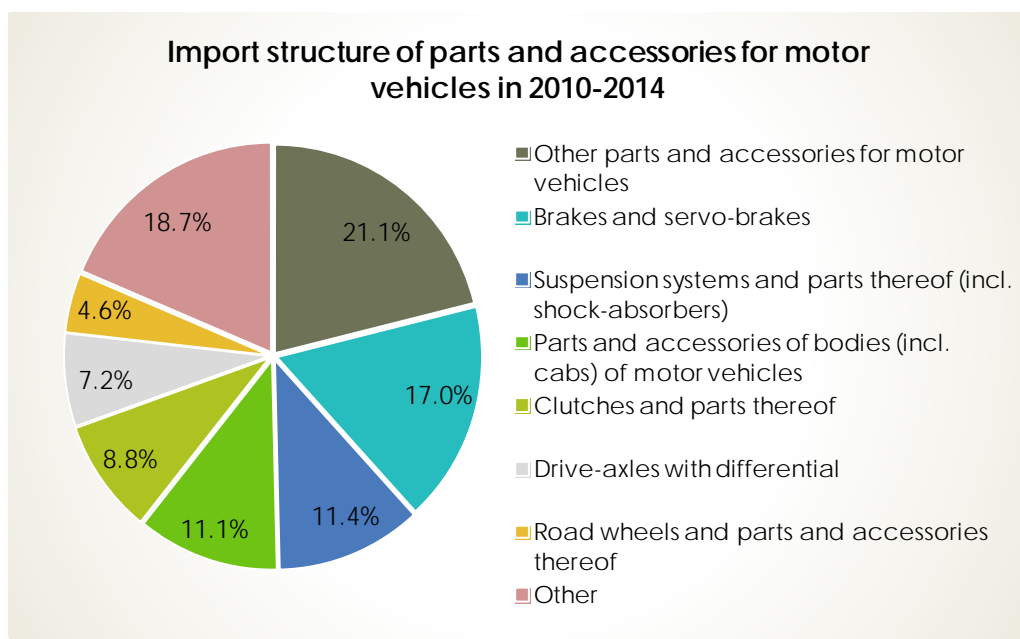
Main competitors on Bulgaria's major export markets by major product group in 2014			
Product Group	Importer Country	Bulgaria's share of total imports	Bulgaria's main competitors on importer country market
Drive-axles with differential	Russia*	5.2%	Germany (19.6%); South Korea (13.1%); China (10.5%)
Brakes and servo-brakes	Serbia	0.01%	Slovenia (29.0%); China (14.0%); Italy (12.9%)
Clutches and parts thereof	Germany	0.02%	Hungary (36.0%); Slovakia (13.6%); United Kingdom (8.1%)
Suspension systems and parts thereof (incl. shock-absorbers)		0.4%	Spain (23.4%); The Czech Republic (13.6%); Turkey (9.7%)
Parts and accessories of bodies (incl. cabs) of motor vehicles		0.2%	The Czech Republic (23.9%); Poland (14.3%); Austria (7.4%)
Other parts and accessories for motor vehicles	Poland	0.004%	Germany (55.6%); Italy (11.9%); The Czech Republic (6.9%)

Source: UN Comtrade

*The data is for 2013

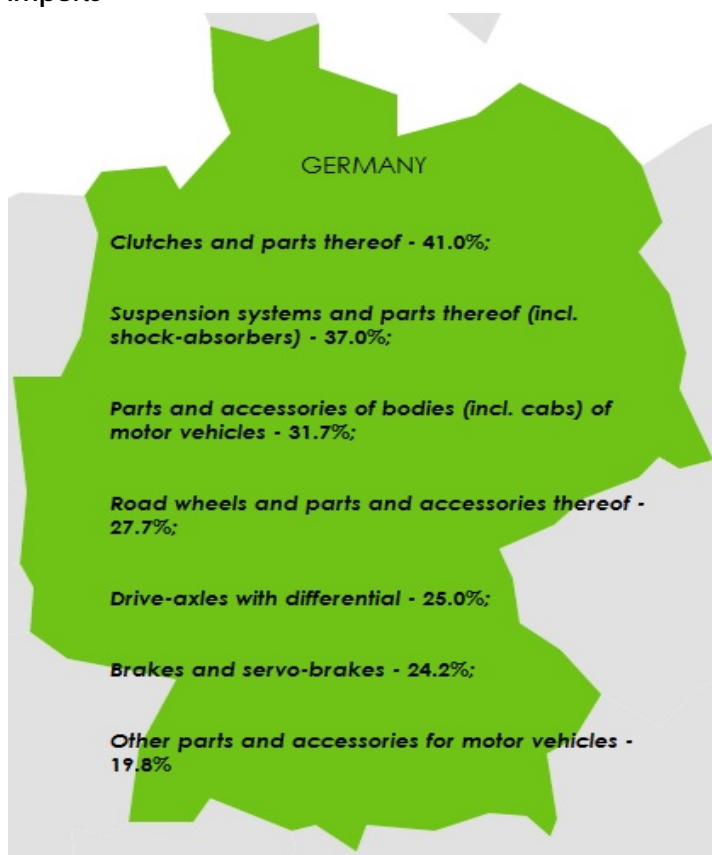
3.3.2. Import

In the period 2010-2014 Bulgaria imported 14 types of motor vehicle parts and accessories with the leading being not else specified (n.e.s.) parts and accessories, brakes and servo-brakes, suspension systems, and parts and accessories of bodies of motor vehicles, according to ITC data. They accounted for 60.8% of the total car parts imports in the country.



Source: ITC

Main importers of car parts in Bulgaria by main segments* in 2014 – share of total segment imports



Similar to exports, the bulk, or 67.9%, of Bulgaria's imports came from the EU-countries in 2014. Germany was the biggest importer to Bulgaria, slicing a 26.5% share of the country's total imports.

Non-EU countries also had a significant share in the total imports with the sole leaders being Turkey and China with their combined share amounting to 21.7%.

Other major importers of car parts to Bulgaria were Italy with a share of 6.9%, followed by Romania with 6.6%, and Hungary with a 4.3% share.

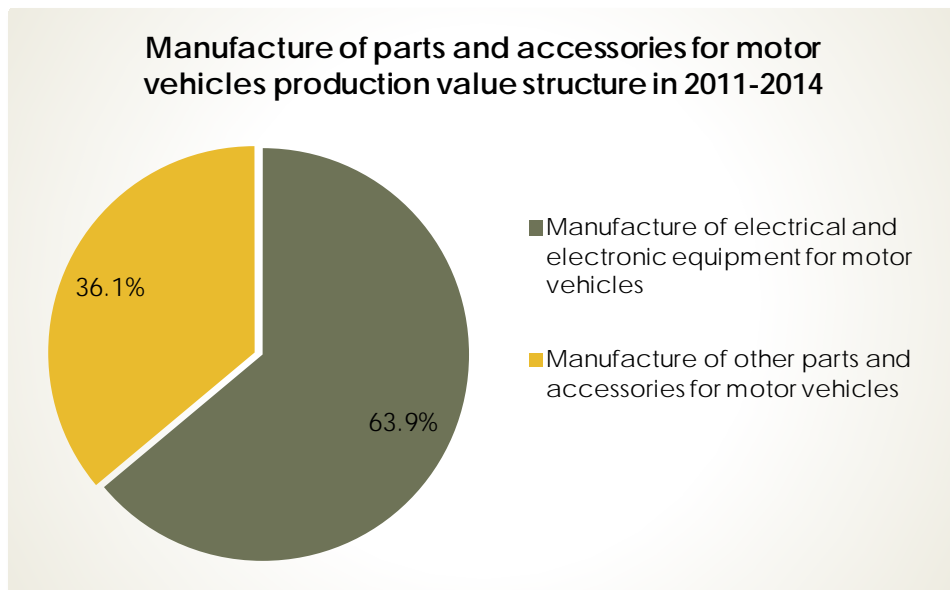
*The seven main imported segments accounted for more than 80% of Bulgaria's total imports of motor vehicle parts and accessories in 2014.

MORE DETAILED INFORMATION ON EXPORTS AND IMPORTS CAN BE FOUND IN:

- ✓ **Appendix 1** – Motor vehicle parts and accessories imported to and exported from Bulgaria in the period 2010-2014 in EUR mln. Sources: ITC, UN Comtrade
- ✓ **Appendix 2** – Motor vehicle parts and accessories products exported from and imported to Bulgaria by country and segment. Source: UN Comtrade

3.4. Production Figures

The output of the Bulgarian manufacturers of parts and accessories for motor vehicles was estimated at EUR 2.5 bln in the period 2011-2014, according to Eurostat data, with the highest production value of EUR 718.9 mln in 2014, compared to EUR 553.1 mln in 2011. However, there was uneven development among the sector's segments. The manufacturing of other parts and accessories for motor vehicles segment grew steadily in the period under review, while the output of the manufacture of electrical and electronic equipment for motor vehicles segment fluctuated and amounted to EUR 402.5 mln in 2014, down from EUR 404.3 mln in 2013, and EUR 409.8 mln in 2011 but higher than the EUR 382.8 mln in 2012.



Source: Eurostat, SeeNews

3.5. Competitive landscape

The Bulgarian car parts and accessories industry is concentrated where the plants of the local arms of major foreign sector players are located – in and around the capital Sofia, Yambol, and Sliven, southeastern Bulgaria, Ruse, on the Danube, Plovdiv and Stara Zagora, southern Bulgaria. Similar to other sectors of the Bulgarian economy, the development of the automotive parts sector has been driven by foreign investors, such as Philippines-based

Integrated Microelectronics Inc, Japanese Yazaki Corporation and German Witte Automotive.

The Bulgarian car parts and accessories industry is primary export oriented due to the foreign companies which entered the country to produce motor vehicle parts and accessories for international markets. Another factor that pushes local enterprises to export is the weak local demand and fluctuations of the local economy.

Bulgaria is attracting investments in the manufacturing of car part and accessories sector by offering low employment expenses, along with skilled labour force, as well as low corporate tax rate and proximity to the Western European countries.

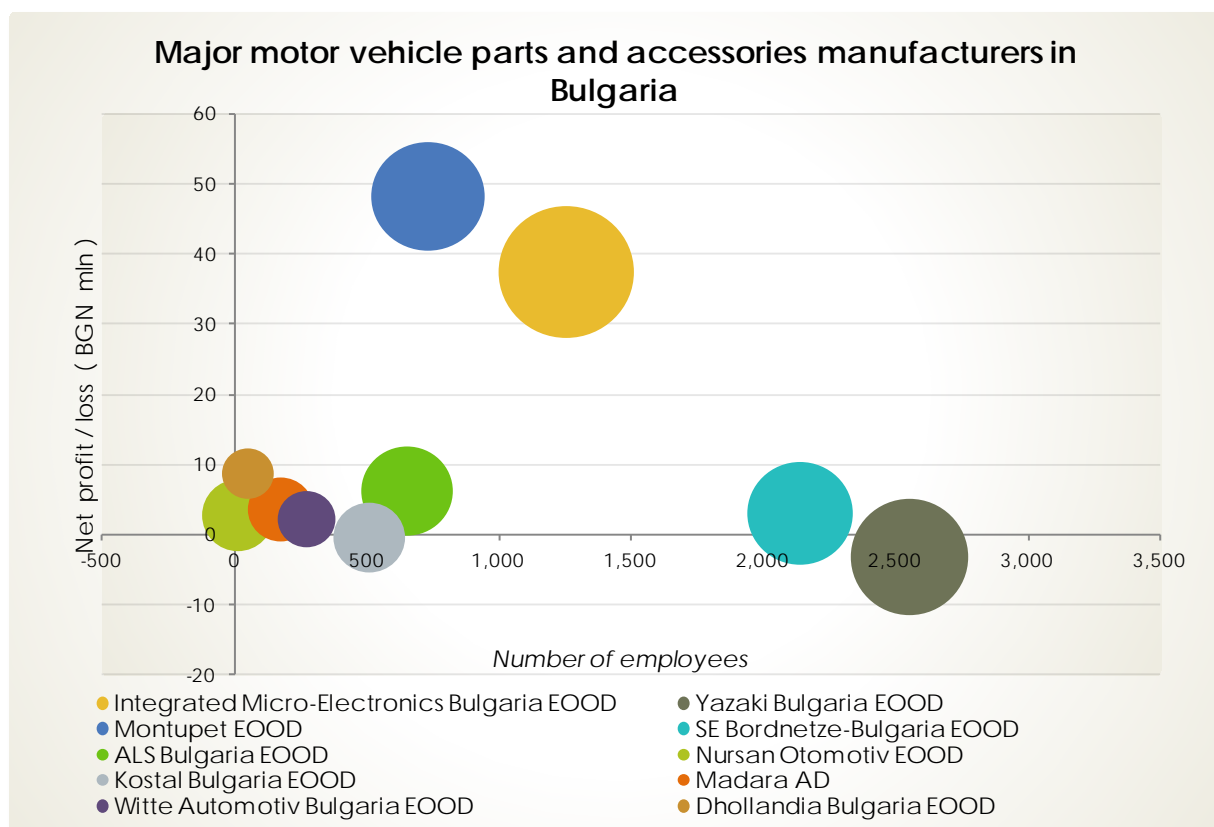
3.6. Fairs and exhibitions

Automobile fairs and exhibitions in Bulgaria in 2015			
Fair name	Website	Venue	Dates
Autotech	www.fair.bg/NR/exeres/C1F010C8-287D-40E9-A503-A350117BA3FE.htm	International Fair Plovdiv	September 28 – October 3
Avtomobilen salon Plovdiv	N/A	International Fair Plovdiv	September 30 – October 5
Partnyori na kolela (Partners on wheels)	www.partnersexpo.com/aut.html	Pleven, parking lot Bila 1 – Kooperativen pazar	October 14 – October 18

4. SECTOR'S MAIN STAKEHOLDERS

4.1. Motor vehicle parts and accessories manufacturers

In 2014 the motor vehicle parts manufacturing sector in Bulgaria grew by 10.81% year-on-year in terms of net sales revenue to BGN 1.417 bln. The leading 10 companies by net sales revenue accounted for more than 90% of the total, or BGN 1.279 mln. The leading company was motor vehicles electrical equipment manufacturer Integrated Micro-Electronics Bulgaria EOOD, followed by Yazaki Bulgaria EOOD and Montupet EOOD. Among the top 10 companies, Montupet EOOD reported the highest net profit of BGN 48.267 mln, while Yazaki Bulgaria EOOD and Kostal Bulgaria EOOD posted net losses of BGN 3.203 mln and BGN 0.440 mln.



Source: Companies' financial statements, SeeNews

Editor's note: The bubble size reflects the market share of the company in terms of net sales revenue in 2014.

The leading companies in terms of net sales revenue in each of the segments on the Bulgarian motor vehicle parts market are presented below.

Top 5 by net sales revenue in manufacture of electrical and electronic equipment for motor vehicles

Rank	Company	2014 (BGN mln)	2013 (BGN mln)
1	Integrated Micro-Electronics Bulgaria EOOD	273.3	215.1
2	Yazaki Bulgaria EOOD	212.3	134.2
3	SE Bordnetze-Bulgaria EOOD	164.9	150.8
4	Nursan Otomotiv EOOD	78.0	43.0
5	Kostal Bulgaria EOOD	77.8	34.0

Top 5 by net sales revenue in manufacture of other parts and accessories for motor vehicles

Rank	Company	2014 (BGN mln)	2013 (BGN mln)
1	Montupet EOOD	190.0	146.2
2	ALS Bulgaria EOOD	126.3	84.2
3	Madara AD	64.9	71.7
4	Witte Automotiv Bulgaria EOOD	50.5	29.2
5	Madara-Avtomost EOOD	21.5	19.8

4.2. Car parts and accessories manufacturers, distributors, wholesalers, importers and exporters

List of the main distributors, retailers and wholesalers of motor vehicle parts and accessories in Bulgaria by segment

Rank	Company	City	Tel	Fax	E-mail	Website	Number of employees	
Agents involved in Wholesale of motor vehicle parts and accessories								
1	Ev ro 07 AD	Sofia	+359 2 970 38 98	+359 2 970 38 55	bulgaria@euro07.bg	www.euro07.bg	922	
2	Diana OOD	Blagoev grad	+359 2 814 8 150	+359 2 814 8 125	diana@diana-ltd.com	www.diana-ltd.com	183	
3	Madara - SFK OOD	Shumen	+359 54 857 315	+359 54 880 167	sfk ltd@madaragroup.com	www.madaragroup.com	41	
4	Teh-Ko OOD	Sofia	+359 2 926 50 10		trade@tech-co.net	www.tech-co.bg	375	
5	Primeks EOOD	Shumen	0700 10 122		info@primex-bg.com	www.primex-bg.com	194	
Agents involved in Retail trade of motor vehicle parts and accessories								
1	MR Trade AD	Pazardzhik	+359 34 44 68 92	+359 34 44 68 93	office@ilinacar.com	www.ilinacar.com	122	
2	SFK - Trak OOD	Sofia	+359 2 890 2 850	+359 2 890 2 844	info@sfk-truck.com	www.sfk-truck.com	74	
3	Fulda Bulgaria OOD	Haskov o	+359 38 60 42 10	+359 38 66 22 88	haskov o@motoexpert.bg	www.motoexpert.bg	166	
4	Autostar OOD	Sofia	+359 2 925 09 50		office@autostar.bg	www.autostar.bg	68	
5	Autoglass OOD	Sofia	+359 2 931 77 77	+359 2 931 23 80	sales@autoglass.bg	www.autoglass.bg	122	
Agents involved in Sale, maintenance and repair of motorcycles and related parts and accessories								
1	Sofcompany OOD	Sofia	+359 2 765 292	+359 2 971 8184		www.sofcompany-liebherr.com	42	
2	Zundert Extreme OOD	Sofia	+359 2 945 40 05	+359 2 945 60 38	zundertextreme@gmail.com	www.zundert-extreme.com	13	
3	Ev ro Trans Grup OOD	Sofia	address: 3 Pozitano Square, Business Centre, office 3; Postcode: 1000					0
4	Sofiya Moto Trade OOD	Sofia	+359 2 945 22 55		info@harley-dav idson-sofia.bg	www.harley-dav idson-sofia.bg	3	
5	Mario Moto EOOD	Saparev a Banya	+359 892 317 377		info@mariomoto.bg	www.mariomoto.bg	2	

The full list of traders in plastics products, including exporters and importers can be found in Appendix 3.

4.3. Relevant associations and state institutions

- ❖ Union of the Automobiles Importers (www.svab.bg)
- ❖ Bulgarian Industrial Association (www.bia-bg.com)
- ❖ Association of Automobile Importers (www.avabulgaria.com)
- ❖ Ministry of Economy (www.mi.government.bg)
- ❖ Bulgarian Small and Medium Enterprises Promotion Agency (www.sme.government.bg)
- ❖ Patent Office of the Republic of Bulgaria (www.bpo.bg)
- ❖ InvestBulgaria Agency (www.investbg.government.bg)

5. PROFILES OF MAJOR COMPANIES IN INDUSTRY

Basic information	
Company name	Integrated Micro-Electronics Bulgaria EOOD (formerly known as Epiq Electronic Assembly EOOD)
ID Number	122055826
Legal form	Limited Liability Company
Year of establishment	Oct 29, 1997
Primary Industry	Manufacture of electrical and electronic equipment for motor vehicles
Contacts	
Headquarters	zh.k. Industrial zone Mikroelektronika, 2140 Botevgrad, Bulgaria
Telephones	+ 359 723 68 300 + 359 723 68 381 + 359 2 921 5050
Fax number	+ 359 723 68 246 + 359 2 921 5051
E-mail	epiqea@epiq.com
Website	www.global-imi.com
Overview, Management and Ownership	
Company overview	Integrated Micro-Electronics Bulgaria EOOD is a car electronics manufacturer.
Management	Executives: Gilles George Lucien Bernard - CEO Jerome Su Tan - CEO
Ownership	Cooperative IMI Europe U.A. - 100% (Netherlands)
Key financial figures for 2014	
Registered capital in BGN	1,951,170
Total revenue in BGN	283,834,000
Net profit/loss in BGN	37,438,000
Total assets in BGN	146,845,000
Number of employees	1,252

Basic information	
Company name	Yazaki Bulgaria EOOD
ID Number	128617161
Legal form	Limited Liability Company
Year of establishment	Nov 20, 2006
Primary Industry	Manufacture of electrical and electronic equipment for motor vehicles
Contacts	
Headquarters	43 Evropa Blvd., 8600 Yambol, Bulgaria
Telephones	+ 359 46 901 444 + 359 46 901 555
Fax number	+ 359 46 901 690
E-mail	N/A
Website	www.yazaki-bulgaria.com
Overview, Management and Ownership	
Company overview	Yazaki Bulgaria EOOD is an automotive components maker.
Management	Executives: Zafer Uran Zaman - CEO Kenichi Fujisawa - CEO Naoki Ii - CEO Naoki Sugie - CEO Harun Sinan Carr - CEO
Ownership	Yazaki Corporation -100% (Japan)
Key financial figures for 2014	
Registered capital in BGN	54,763,240
Total revenue in BGN	215,329,000
Net profit/loss in BGN	-3,203,000
Total assets in BGN	123,849,000
Number of employees	2,552

Basic information	
Company name	Montupet EOOD
ID Number	131429080
Legal form	Limited Liability Company
Year of establishment	May 31, 2005
Primary Industry	Manufacture of other parts and accessories for motor vehicles
Contacts	
Headquarters	Industrial park, 7000 Ruse, Bulgaria
Telephones	+ 359 82 884 800
Fax number	+ 359 82 844 395
E-mail	office@montupet.bg
Website	http://montupet.bg/

Overview, Management and Ownership	
Company overview	Montupet EOOD produces aluminum products for the automotive industry.
Management	Executives: Didie Kroze - CEO Marc Majus - CEO Stephane Magnan - CEO Filip Manian - CEO
Ownership	Montupet S.A. -100% (France)
Key financial figures for 2014	
Registered capital in BGN	33,892,100
Total revenue in BGN	191,869,000
Net profit/loss in BGN	48,267,000
Total assets in BGN	213,213,000
Number of employees	732

Basic information	
Company name	SE Bordnetze - Bulgaria EOOD
ID Number	123633222
Legal form	Limited Liability Company
Year of establishment	Nov 27, 2002
Primary Industry	Manufacture of electrical and electronic equipment for motor vehicles
Contacts	
Headquarters	18 Industrial zone, 8400 Karnobat, Bulgaria
Telephones	+ 359 559 28 903
Fax number	+ 359 559 22 480
E-mail	info@sebn.bg
Website	www.sebn.bg
Overview, Management and Ownership	
Company overview	SE Bordnetze - Bulgaria EOOD produces cabel wires for Volkswagen, Audi, Porsche and Skoda.
Management	Executives: Burghard Gesenhos-Hubenthal - CEO Mikhail Marian Lubik - CEO
Ownership	Sumitomo Electric Bordnetze Gmbh - 100% (Germany)
Key financial figures for 2014	
Registred capital in BGN	123,633,222
Total revenue in BGN	175,827,000
Net profit/loss in BGN	3,019,000
Total assets in BGN	60,901,000
Number of employees	2,138

Basic information	
Company name	ALS Bulgaria EOOD
ID Number	201635684
Legal form	Limited Liability Company
Year of establishment	July 14, 2011
Primary Industry	Manufacture of other parts and accessories for motor vehicles
Contacts	
Headquarters	2, Ivan Denkoglu Str, fl. 2, office 5, 1000 Sofia, Bulgaria
Telephones	+359 2 988 19 19
Fax number	+359 2 980 36 41
E-mail	info@alc.co.za
Website	www.alc.co.za
Overview, Management and Ownership	
Company overview	ALS Bulgaria EOOD is a producer of leather equipment for motor vehicles.
Management	Executives: Grant Worrn Torp - CEO Shaun John Bosh - CEO
Ownership	IDAM Holding - 100% (Netherlands)
Key financial figures for 2014	
Registered capital in BGN	6,845,505
Total revenue in BGN	127,402,000
Net profit/loss in BGN	6,215,000
Total assets in BGN	46,762,000
Number of employees	650

6. FDI IN INDUSTRY

The FDI in Bulgaria in manufacturing of motor vehicles parts and accessories was estimated at more than BGN 400 as of end-2014. The country managed to attract investors in the sector from all around the world - Germany, France, Belgium, Japan, Turkey, United Kingdom, Sweden, Switzerland, USA, the Netherlands, South Africa, Israel, Greece, and the Philippines. The investments are concentrated in production plants for upholstery, seats, cables, parts for air conditioners and motors, microchips, rubber seals, windshields, springs, electronics, filters, aluminum profiles and timing belts.

6.1 Major foreign-owned companies

Our research identified 12 Bulgarian car parts and accessories makers with foreign companies as direct shareholders. More than half of the companies are operating in the manufacturing of other parts and accessories for motor vehicles segment, while the others manufacture electrical and electronic equipment for motor vehicles. The foreign owners

come from eight countries, with almost all being EU-members. The non-EU countries are Japan and Turkey. In terms of geographical concentration, the companies are evenly located throughout the country, with major centre being the capital Sofia, where three of the companies are headquartered.

In 2014 the combined net sales revenue of the 12 companies jumped by 37.8% y/y to EUR 579.1* mln with the leading five companies, accounting for 78.7% of the total. All of the foreign subsidiaries managed to raise their sales in comparison to the previous year. The sharpest annual growth was reported by Witte Automotive Bulgaria EOOD, part of German vehicle access systems maker Witte Automotive, which registered a 72.7% rise in net sales revenue to EUR 25.816 mln. In terms of net profit for 2014, the sole leader was Montupet EOOD, the local arm of French car parts manufacturer Montupet, with a net result of EUR 24.7 mln, a 29.9% y/y increase.

Bulgarian manufacturers of motor vehicle parts and accessories with foreign companies as direct shareholders				
Company	City	Industry (NACE Rev.2 description)	Foreign Shareholder	Shareholder's Country
Yazaki Bulgaria EOOD	Yambol	Manufacture of other parts and accessories for motor vehicles	Yazaki Corporation	Japan
Sensata Technologies Bulgaria	Sofia	Manufacture of electrical and electronic	Sensata Technologies BV	Belgium
Montupet EOOD	Ruse	Manufacture of electrical and electronic	Montupet Sa	France
SE Bordnetze Bulgaria EOOD	Karnobat	Manufacture of other parts and accessories for motor vehicles	Sumitomo Electric Industries, Ltd.	Germany
ALC Bulgaria EOOD	Sofia	Manufacture of other parts and accessories for motor vehicles	Idam Holding Sarl	Luxembourg
Nursan Otomotiv EOOD	Burgas	Manufacture of other parts and accessories for motor vehicles	Nursanlar Holding Anonim Sirketi	Turkey
Grammer AD	Trudovets	Manufacture of electrical and electronic	Grammer Aktiengesellschaft	Germany
Witte Automotive Bulgaria EOOD	Ruse	Manufacture of other parts and accessories for motor vehicles	Teknometall Ab	Germany
Dhollandia Bulgaria EOOD	Sofia	Manufacture of other parts and accessories for motor vehicles	Hyd Fin International S.A.	Ireland
Precomp Solutions EAD	Sofia	Manufacture of other parts and accessories for motor vehicles	Precomp Solutions Ab	Sweden
Behr Hella Thermocontrol EOOD	Bozhurishte	Manufacture of other parts and accessories for motor vehicles	Hella Kгаа Hueck & Co.	Germany
M Tech EOOD	Nova Zagora	Manufacture of electrical and electronic	Otto Pol Albreht Todte	Germany

* Data for M Tech EOOD was not available

6.2. Company investment plans

In May 2015 Yazaki Bulgaria EOOD, part of the Japanese automotive components manufacturer Yazaki, announced plans to open a EUR 30 mln plant in Bulgaria. The plant, the company's third in the country, is scheduled to be operational by 2017. Yazaki Bulgaria EOOD has plants in Yambol and Sliven, southeastern Bulgaria.

In October 2014 Bulgarian vehicle access systems maker Witte Automotive Bulgaria EOOD, part of the German Witte Group, plans to invest EUR 10 mln by end-2015 in its newly-opened plant in Ruse, northeastern Bulgaria. The company invested EUR 12 mln in the construction of the plant, which has a total built-up area of 15,000 sq m and produces tailgate and seat latches, handles, and the Automatic Tolerance Compensation System WITOL.

In 2015 Montupet Bulgaria EOOD, the Bulgarian unit of French auto parts manufacturer Montupet, plans to invest EUR 10 mln in its plant in Ruse, bringing to EUR 120 mln its total investment in the country to date. Montupet opened the plant in Ruse, on the Danube, at the end of 2008. The factory, designed to be Montupet's main East-European manufacturing unit, supplies parts to major international automobile makers, including Renault, PSA Peugeot-Citroen, Audi, BMW and Ford.

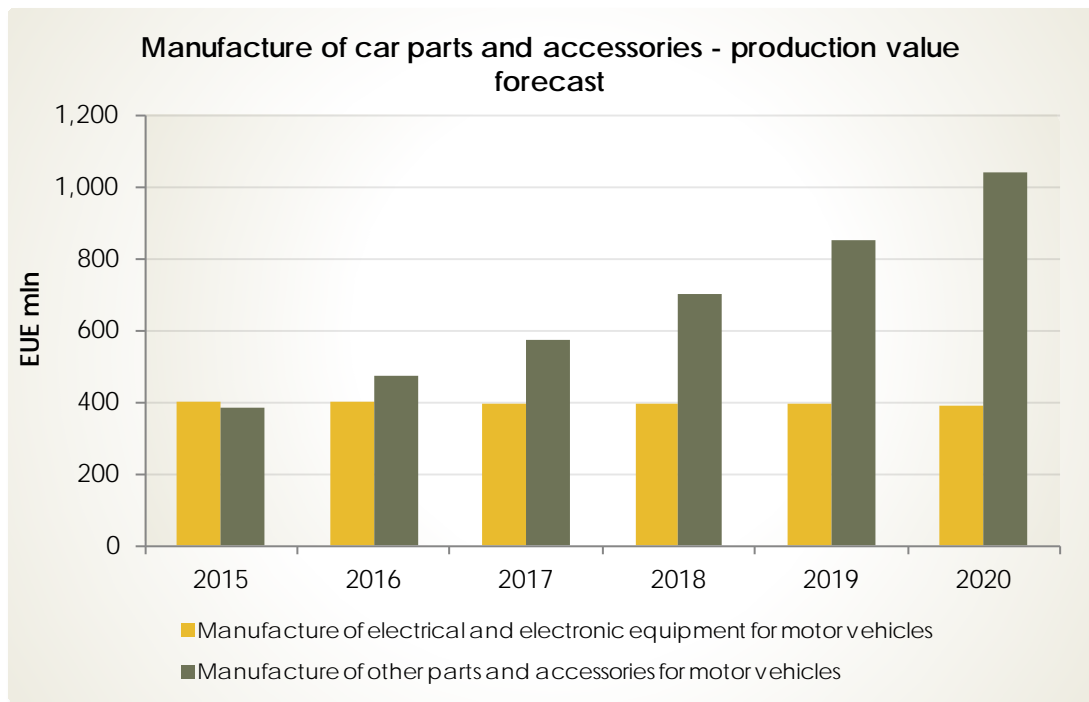
7. TRENDS AND FORECASTS

The growth of the car parts and accessories market in Bulgaria is expected to continue in the 2015-2017 period, fuelled by foreign investments in existing or new production facilities. However, the operational production capacities in Europe are more than enough to satisfy demand for car components and that may limit the expansion of the Bulgarian manufacturers. Other factors that hinder the growth potential of the local sector are bureaucracy and poor infrastructure. Nevertheless, Bulgaria will remain an attractive destination among the countries in central and eastern Europe, by offering lower labour costs, low taxes, qualified workforce and proximity to automobile plants in the region,

We expect, based on the trend in the last three years, the following growth trends of the car parts and accessories manufacturing sector in terms of number of employees, total revenue and total expenses in the period 2015-2017. The trends are calculated using the compound annual growth rate (CAGR) method.



The automotive parts sector production is expected to reach EUR 1.420 bln by 2020, or by 33.2% more than in 2011, according to forecasts of the Bulgarian Industrial Association (BIA).



Source: Eurostat, SeeNews



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