Spain, competitive manufacturing and logistic platform in the Automotive Industry
The Spanish Economy

1. Spain in the World Economy
2. Export diversification
3. FDI in Spain
4. Austria – Spain Investment and Trade

Automotive Industry in Spain

1. Strategic sector of the Spanish Economy
2. Key figures
3. Competitive advantages
4. Investment opportunities

About us
The Spanish Economy

1. Spain in the World Economy
2. Export diversification
3. FDI in Spain
4. Austria – Spain Investment and Trade

Automotive Industry in Spain

1. Strategic sector of the Spanish Economy
2. Key figures
3. Competitive advantages
4. Investment opportunities

About us
The Spanish Economy

International position

14th | Largest economy in the world

5th  | Largest economy in the EU

GDP worth USD 1.2 trillion

11th | Exporter of commercial services in the world

18th | Exporter of merchandise trade

3rd  | Country worldwide in tourist arrivals

2nd  | Country worldwide by tourism income

Over 75 million tourists in 2016

12th | Economy in terms of accumulated inward FDI in the world

13th | Economy in terms of outward FDI Stock in the world

- Population: 46.4 million
- Over 12,500 foreign companies currently located in Spain across all economic sectors
An open Economy is a more Competitive & Resilient Economy

Export diversification from Spain (1/2)

Exports of Goods & Services (% GDP)

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports of Goods &amp; Services (% GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>46.9</td>
</tr>
<tr>
<td>Spain</td>
<td>33.1</td>
</tr>
<tr>
<td>France</td>
<td>30.2</td>
</tr>
<tr>
<td>Italy</td>
<td>29.8</td>
</tr>
<tr>
<td>UK</td>
<td>27.4</td>
</tr>
</tbody>
</table>

Source: Eurostat 2016

Exports from Spain by Destination (2016, %)

- EU-28: 66.3%
- REST OF EUROPE: 10.4%
- AMERICA: 5.7%
- ASIA: 6.7%
- MIDDLE EAST: 3.3%
- AFRICA: 1.2%
- OTHERS: 6.4%

Source: Secretariat of State for Trade 2017

Multinationals in Spain represent around 40% of total exports
Increasing exports with high value added and technological content

Exports of Goods 2016
Sector breakdown (%)

- Automotive: 17.7%
- Chemicals: 10.0%
- Pharmaceuticals: 4.1%
- Food, Beverages Industries: 2.8%
- Industrial Machinery, Electronics, ICT and Business Equipment: 16.9%
- Consumer Goods: 11.8%
- Energy and Natural Resources: 6.4%
- Metals and Manufacturing of Other Materials: 20.3%

Source: Secretariat of State for Trade. 2017

Foreign Companies in Spain account for:
- +49% of the total industrial turnover yearly
- 33% of the industrial employment
FDI in Spain (1/3)

FDI evolution in Spain 2012 - 2016

FDI Flows increase in Spain 2012-2016 (Millions €)

- Total Investment includes: Productive Investments -new greenfield & brownfield & Reinvestment - and Investment in Holding Companies (ETVEs).
FDI in Spain (2/3)

Investors confidence in the Spanish Economy

3er preferred destination for greenfield projects in Europe (2012-2016)

<table>
<thead>
<tr>
<th>Country</th>
<th>Capex</th>
<th>Projects</th>
<th>Jobs</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 United Kingdom</td>
<td>226.155</td>
<td>5.763</td>
<td>405.763</td>
<td>4.099</td>
</tr>
<tr>
<td>2 Germany</td>
<td>61.608</td>
<td>4.443</td>
<td>175.578</td>
<td>3.710</td>
</tr>
<tr>
<td>3 Spain</td>
<td>54.088</td>
<td>2.195</td>
<td>176.192</td>
<td>1.359</td>
</tr>
<tr>
<td>4 France</td>
<td>53.832</td>
<td>2.657</td>
<td>120.534</td>
<td>1.961</td>
</tr>
<tr>
<td>5 Netherlands</td>
<td>35.811</td>
<td>999</td>
<td>58.297</td>
<td>890</td>
</tr>
<tr>
<td>6 Ireland</td>
<td>28.403</td>
<td>979</td>
<td>71.050</td>
<td>721</td>
</tr>
<tr>
<td>7 Italy</td>
<td>23.857</td>
<td>754</td>
<td>57.595</td>
<td>595</td>
</tr>
<tr>
<td>8 Belgium</td>
<td>19.299</td>
<td>822</td>
<td>41.531</td>
<td>695</td>
</tr>
<tr>
<td>9 Finland</td>
<td>13.384</td>
<td>641</td>
<td>26.025</td>
<td>586</td>
</tr>
<tr>
<td>10 Switzerland</td>
<td>12.402</td>
<td>577</td>
<td>22.725</td>
<td>509</td>
</tr>
<tr>
<td>Rest</td>
<td>48.358</td>
<td>1.722</td>
<td>96.227</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>577.197</strong></td>
<td><strong>21.552</strong></td>
<td><strong>1.251.517</strong></td>
<td><strong>12.698</strong></td>
</tr>
</tbody>
</table>

Source: FDI Markets, 2017
The Spanish Economy

FDI in Spain (3/3)

Main Austrian Companies in Spain
Austria - Spain Investment and Trade

- **200 Companies**
- **3,686 jobs**
- **€893 Million Capital Stock**
- **34 greenfield projects 2003-2016**
- **23rd Largest investor in Spain**

**Austria Investment in Spain**

**Trade**

**€2,214 M. Imports from Spain**

**€4,500 Million bilateral trade (goods)**

**€2,181 Exports to Spain**

**Automotive Sector accounts for 1/3 of bilateral trade**

**Sources:** Spanish Economic and Commercial Office in Viena · WKO · DataInvex · State Secretariat for Trade · fDi Markets · Spain National Statistics Office
- The Spanish Economy
  1. Spain in the World Economy
  2. Export diversification
  3. FDI in Spain
  4. Austria – Spain Investment and Trade
- Automotive Industry in Spain
  1. Strategic sector of the Spanish Economy
  2. Key figures
  3. Competitive advantages
  4. Investment opportunities
- About us
Strategic Sector of Spanish Economy

- 10% of Spanish GDP and 9% of employment
- 300,000 people directly employed and 2,000,000 quality jobs linked to the Industry
- 1st chapter of Spanish Exports:
  - 18% of total goods exports
  - 2,432,401 2016 vehicles export value €34 bn in 2016 (ANFAC)
  - Auto Parts €18.9 bn export value in 2015
  - €17 bn trade surplus of Automotive Industry in 2015
- Automotive Industry OEM’s and Auto-parts are investing €4 bn / year in plant expansion and modernization and innovation activities:
  - 2.8% of Turnover invested in R&D&I by Auto-parts Industry
  - 1.6% of Turnover invested in R&D&I by Multinational OEM’s

Sources: ANFAC (Spanish Association of Vehicle Manufacturers) data 2014 -2015 www.anfac.es
SERNAUTO (Automotive Parts Exporters Association) data 2014 -2015 www.sernauto.es
ICEX (ESTACOM Database)
Key figures

- **2012 – 2016**: 4 years of **steady growth** of Spanish vehicle production-exports
- **2016**: **2.88 Million Units** of Made in Spain vehicles
- **2017**: Production set for **3 Million units**
- **2003 – 2016**: Largest number of **greenfield projects** in Spain

### Source: ANFAC (Spanish Association of Vehicle Manufacturers)

* Including different versions of one model (5 electric & hybrid in 2015)
Supply Chain · Auto–Parts

- 4th largest in EU by turnover: €32 bn in 2015
- 1,000 companies belonging to 720 groups providing customized Service
- 60% of Spanish Auto-Parts exported to 150 countries
- 205,000 people directly employed in the Sector. Total employment: 330,000
- €2 billion Industrial Investment per year: €1,200 Million Investment in R&D&i (2016)

Sources: SERNAUTO (Spanish Association of Automotive Parts and Components Manufacturers) · Corporative sources.
FDI trends in Europe

Greenfield Foreign Investment in OEM’s and Auto-parts

- 2\textsuperscript{nd} destination for manufacturing Projects in Auto industry in Europe (41 countries)
- 3\textsuperscript{rd} preferred location for Design, Development and Testing Projects

### Projects by Business Activity
2013-2016

<table>
<thead>
<tr>
<th>Destination Countries</th>
<th>Manufacturing</th>
<th>Retail</th>
<th>Sales, Marketing &amp; Support</th>
<th>Design, Development &amp; Testing</th>
<th>Headquarters</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>67</td>
<td>20</td>
<td>12</td>
<td>16</td>
<td>13</td>
<td>41</td>
<td>169</td>
</tr>
<tr>
<td>Spain</td>
<td>37</td>
<td>14</td>
<td>2</td>
<td>8</td>
<td>2</td>
<td>3</td>
<td>66</td>
</tr>
<tr>
<td>Germany</td>
<td>33</td>
<td>9</td>
<td>37</td>
<td>20</td>
<td>3</td>
<td>5</td>
<td>118</td>
</tr>
<tr>
<td>France</td>
<td>30</td>
<td>16</td>
<td>6</td>
<td>6</td>
<td>3</td>
<td>5</td>
<td>66</td>
</tr>
<tr>
<td>Belgium</td>
<td>9</td>
<td>5</td>
<td>4</td>
<td>8</td>
<td></td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Italy</td>
<td>3</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>Sweden</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Austria</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Finland</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td></td>
<td></td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Portugal</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Ireland</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>195</strong></td>
<td><strong>92</strong></td>
<td><strong>68</strong></td>
<td><strong>68</strong></td>
<td><strong>31</strong></td>
<td><strong>75</strong></td>
<td><strong>529</strong></td>
</tr>
</tbody>
</table>

*Source: FDI Markets 2017*
**International position**

### Ranking Yesterday (30 years ago)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1º</td>
<td>U.S.A.</td>
</tr>
<tr>
<td>2º</td>
<td>Japan</td>
</tr>
<tr>
<td>3º</td>
<td>Germany</td>
</tr>
<tr>
<td>4º</td>
<td>France</td>
</tr>
<tr>
<td>5º</td>
<td>Italy</td>
</tr>
<tr>
<td>6º</td>
<td>U.K.</td>
</tr>
<tr>
<td>7º</td>
<td>Spain</td>
</tr>
</tbody>
</table>

### Others

- South Korea
- Czech Republic
- Romania

### Ranking Today (2016)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1º</td>
<td>China</td>
</tr>
<tr>
<td>2º</td>
<td>U.S.A.</td>
</tr>
<tr>
<td>3º</td>
<td>Japan</td>
</tr>
<tr>
<td>4º</td>
<td>Germany</td>
</tr>
<tr>
<td>5º</td>
<td>South Korea</td>
</tr>
<tr>
<td>6º</td>
<td>India</td>
</tr>
<tr>
<td>7º</td>
<td>Mexico</td>
</tr>
<tr>
<td>8º</td>
<td>Spain</td>
</tr>
<tr>
<td>9º</td>
<td>Brazil</td>
</tr>
<tr>
<td>10º</td>
<td>Canada</td>
</tr>
</tbody>
</table>

For the last 30 years only USA, Japan, Germany and Spain have remained as TOP-10 players.

*Source: ANFAC*
Competitive advantages

- **Solid Industrial base and leading International Position**

- Availability of **highly qualified human resources at competitive costs**

- Productive and flexible **Manufacturing plants:**
  - They are among the **most productive** of the established brands **in the world**

- **High Investment:** € 4 bn / year expansion, automatization R&D&i

- Powerful and innovative **industrial supply chain** and **Auto Parts Industry**

- Leader position in European **Industrial Innovation-Mobility Sector**

- Industrial **Clusters** and considerable **Supplier Base in many sectors**

- High-level **Transport and Logistics Infrastructures**
Competitive advantages

- Market size and growth:
  - 14th largest economy in the world and GDP growth over 3%
- Privileged position for accessing third markets (LATAM, MENA, …)

Access to 1.3 billion customers
Competitive advantages

- **Political stability and commitment to structural reforms**
  - Fiscal consolidation and sustainability of welfare state
  - Flexibilization and labor market boost
  - Financial sector reform and restructuring
  - Liberalization and more competition in strategic markets

- **Legal security** and fulfillment of international commitments in the EU framework

- **Open Country for Foreign Investment**: 9th most open country for Foreign Investment according to OECD’s *FDI Restrictiveness Index*

- Quality of **Life for expatriates**
Competitive advantages

- **Government support: Grants and Incentives** *

  Vast structure of Aids and Incentives for Investment, Business Development and R&D&i at National and Regional Level

*See Annex for further information*
Investment opportunities in Automotive Supply Chain and Innovative Technologies and Products

Spain is aligned with European Union transport and mobility strategies: emissions reduction, safety, sustainable transport and Manufacturing Technologies 4.0

Opportunities:
- Manufacturing technologies. Industry 4.0
- Weight reduction technologies
- Alternative fuels propulsion systems
- Powertrain R&D+i: natural gas engines
- Battery technologies: production, assembly and recycling
- Electronics and grid integration technologies.
- Autonomous drive and security systems. Connected car
- Advanced materials composites-graphene
- Charging infrastructures
The Spanish Economy

1. Spain in the World Economy
2. Export diversification
3. FDI in Spain
4. Austria – Spain Investment and Trade

Automotive Industry in Spain

1. Strategic sector of the Spanish Economy
2. Key figures
3. Competitive advantages
4. Investment opportunities

About us
**Invest in Spain services**

**Information**
- General information
- Market information on investor’s interest: customized reports
- Investment opportunities

**Project support**
Support to investors setting up in Spain:
- Site locations search
- Customized agendas
- Identification of strategic and technological partners

**Business climate**
- Support to international investors in relation to issues related to the investment framework in Spain

**Investors Network**
- Matching international investors with Spanish companies

**Free Services for International Investors**
About us

Our collaboration scheme

REGIONAL GOVERNMENTS
- Regional Investment Promotion Agencies
- Local bodies

MINISTRY OF ECONOMY, INDUSTRY AND COMPETITIVENESS

PUBLIC ADMINISTRATION
- Sec. General of Industry
- Sec. General of Innovation
- Other Departments

Investors

Sectoral Associations

Private Facilitators
(Consultancy services, Law firms, Investment Banking…)

REGIONAL ISSUES
INCENTIVES/ FINANCING
Our support network abroad allows us being close to our clients and potential investors.
Thank you

www.investinspain.org

AUSTRIA:
Spanische Botschaft Wirtschafts und Handelsbüro
Stubenring 16, 1011 Wien
T (+43) 1 513 39 33
viена@comercio.mineco.es

HEADQUARTERS:
ICEX – Invest in Spain
Castellana 278 – Madrid, 28046 (SPAIN)
T (+34) 91 503 58 00
investinspain@icex.es
ANNEX

- Grants and Incentives
- Success stories
Annex Government support: Grants and Incentives

**Investment Incentives**

- **NATIONAL | Reindustrialization and strengthening of Industrial Competitiveness**
- **REGIONAL | Regional Incentives**

**FINANCIAL SUPPORT FOR INDUSTRIAL INVESTMENT**

Ministry of Economy, Industry and Competitiveness

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>2017 PROVISION</th>
<th>ELIGIBLE INITIATIVES</th>
<th>FINANCING</th>
</tr>
</thead>
</table>
| STRENGTHENING OF INDUSTRIAL COMPETITIVENESS | € 606.4 million | Creation, transfer or upgrade / modification of industrial establishments | - Loans: 10 years (3-year waiting period)  
- Guarantee: 10% of loan  
- Funding: up to 75% of investment.  
- Interest rate based on an economic-financial classification scale 1.575% to 4.0%  
- Possibility of reducing loan interest increasing guarantees. |

Direct concession system – DEADLINE for application ANNOUNCE JULY 2017

Customized advice for companies: [Announcement](http://www.mineco.gob.es/portal/site/mineco/menuitem.ac30f9268750bd56a0b0240e026041a0/?vgnextoid=c72cd98662cda510VgnVCM1000001d04140aRCRD&vgnextchannel=2f0e154527515310VgnVCM1000001d04140aRCRD)
Government support: Grants and Incentives

Investment Incentives

- NATIONAL | Reindustrialization and strengthening of Industrial Competitiveness
- REGIONAL | Regional Incentives

Non-refundable subsidies, subsidies for loan repayments granted to regions by the State, according EU limits and requirements, for **productive investments**.

**ELIGIBLE PROJECTS**

- creating new establishments that give rise to the launching of business activity and generate **new jobs**
- expanding existing activities with an increase in production capacity or starting up new activities in the same establishment
- modernizing the business.

**ELIGIBLE COSTS**

- Civil works
- Equipment
- Machinery
Spain has many Institutions that promote Incentives in different calls throughout the year.

- **CDTI** (Centre for Industrial Technological Development) has a wide range of grants and loans at competitive low interest rate for technological projects.

- The **State Secretariat for Innovation** of the **Ministry of Economy, Industry and Competitiveness** (MINECO) also offers support with grants and loans for technological projects developed by companies and public bodies.

- **ICEX - INVEST IN SPAIN** has developed a program for supporting foreign companies up to €200,000 for investments with a high degree of R&D in competitive tenders.

- **ENISA** (National Innovation Company) finances SMEs up to €1.5 million with participative loans at a very competitive interest rate and where no-guarantee is required.

- The Public organization **RED.ES** promotes the IT activities of technological companies and start-ups financing investments in infrastructures, equipments and so on.
2016 | OEM Investment Projects

May 2016 | **RENAULT** $684 million investment in Spain at its **Valladolid** plant. Expansion project expected to be finished by 2020, includes building a new car and a new engine.

2016 | **IVECO** €140 million investment for the R&D department and for **Madrid** and **Valladolid** manufacturing centers for preparing the launch of its new next generation heavy truck **Stralis**.

2016 | **MERCEDES-BENZ** €41 million investment in its **Vitoria** plant facilities due to the increasing demand of their van and minivan. The Industrial Plan secures jobs at the plant with 800 new jobs at the beginning of the year.

July 2016 | **VOLKSWAGEN** €28.9 million investment for 208 works in its plant of **Lanbaden** (Navarra). This is the first wave of investment in progress to adapt the plant for the production of the New Polo A07.

*Sources: fDI Markets · Corporative Sources*
2012-2014 | OEM Investment Projects

2014 | NISSAN €130 million investment in its Barcelona plant to produce a new Sedan starting 2014 and €10 million investment in its components manufacturing plant of Cantabria.

2013 | PSA Peugeot-Citroën 1,000 new jobs in the Vigo manufacturing facilities for Production of Citroën C-Elysee, electric versions of Peugeot Partner and Citroën Berlingo and new C4 Picasso.

2013 – 2016 | GENERAL MOTORS Includes Spanish Figueruelas plant in its Industrial Plan for Europe that will drive and investment of up to €4 billion in 23 new OPEL models in Europe for the period 2013-2016.

2012 | VOLKSWAGEN Group €665 million investment in the SEAT Plant of Martorell, including €100 million in R&D and €13 million in professional training. Martorell is one of the Group’s most productive and flexible plants, with 377,000 units in 2012 including the new Audi Q3. In 2013, the plant will market the new SEAT Leon models.

Sources: fDI Markets · Corporative Sources
2016 | Auto-Parts Investment Projects

March 2016 | MICHELIN investment in Spain at its logistics centre in Araia. Expansion project to serve European and American markets: from 50,000 sq m. to 80,000 sq m. creating 50 jobs. Michelin has invested a total of €38 million in the facility in previous years.

May 2015 | FAURECIA (subsidiary of PSA Peugeot-Citroen) investment of €1.2 million in a new production centre and an innovative painting line for vehicle parts at its plant in Sant Andreu de la Barca.

November 2016 | Bilstein Group investment in Spain at its logistics centre in Zaragoza. Expansion project of this Germany-based Group, an aftermarket automotive parts supplier, due to growth, that will increase its number of employees and triple its capacity.

Sources: fDI Markets · Corporative Sources
FAURECIA has chosen Valencia to set up its fifth R&D Centre in Spain. It will be located in the Technology Park of Paterna and is to employ 200 Technicians.

MAHINDRA, the Indian giant, leading manufacturer of Components in Asia, buys a 13.5% share of the Spanish company CIE Automotive for €96,24 million sealing a worldwide strategic alliance.

SAMVARDANA MOTHERSON has announced plans to invest €5 million as a part of its €30 million expansion Plan to expand production capacity in its manufacturing facility in Ripollet to increase production of sintered auto-parts at the site. The entire investment will create about 100 jobs.

MAFLOW, the Auto-Parts company owned by the Polish Industrial Corporation Boryszew invested €2 million in 2013 to expand production at its Plant of Guarnizo (Cantabria). MAFLOW is one of the larger manufacturers of Air Conditioning tubes worldwide. Guarnizo’s Plant is its only manufacturing Centre in Spain with 100 employees.