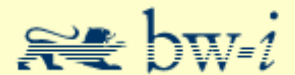


Automotive Industry and Components in Europe



Baden-Württemberg

Baden-Württemberg International



Automotive Industry and Components in Europe

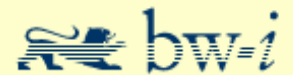
The purpose of this presentation is to:

- Demonstrate the importance of the European Union – the world's largest single market
- Outline its future dimensions as it expands towards the east
- Describe the present status and future prospects for automotive components within this market
- Explain why Baden-Württemberg is the ideal location from which to serve the automotive components market – Europe wide

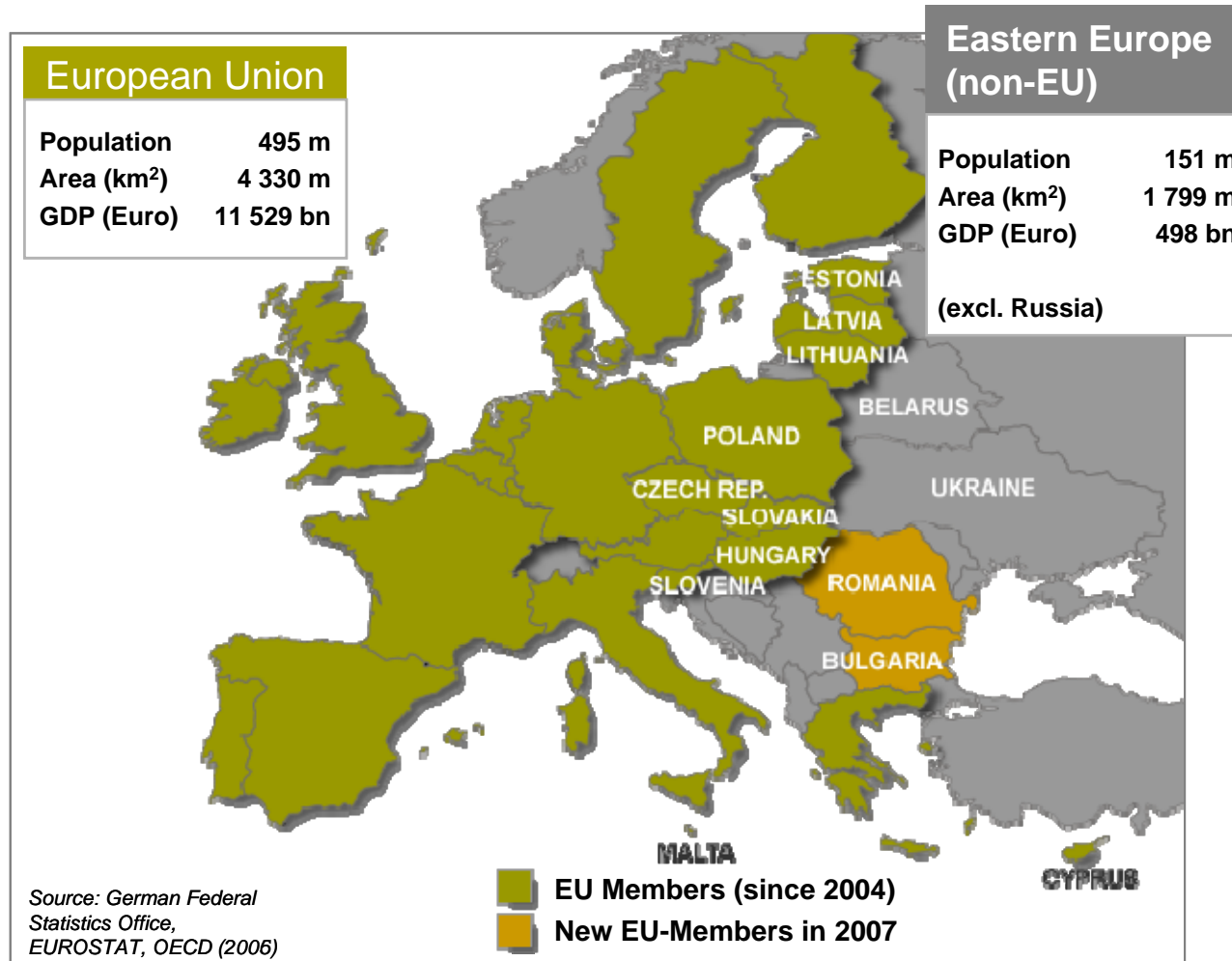


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Europe is expanding towards the East



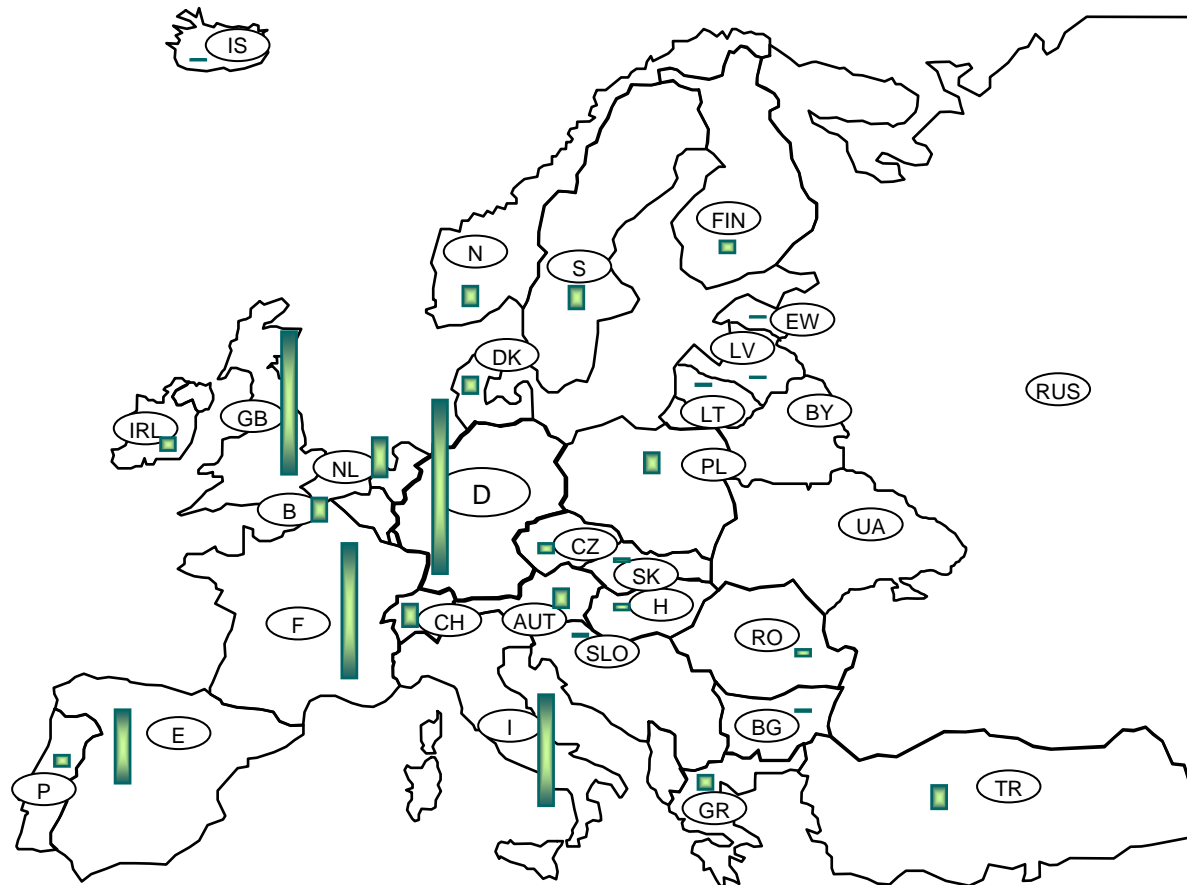
In the last two decades, the sharp contrasts between the Western and the Eastern European countries have been fading and the European Union is the major driver for Europe's integration.

Since May 2004, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, the Baltic States, Cyprus and Malta are members of the European Union. In 2007, Romania and Bulgaria are have joined the EU.

European integration opens up a vast market for your company with untold market opportunities.



The leading Markets in Europe



In 2006, the 27 member states of the European Union had a total Gross Domestic Product of Euro 11 529 bn, exceeding the GDP of the USA (Euro 10 550 bn) and Japan (Euro 3 478 bn).

Four of the member states – Germany, Italy, France and the UK – are among the six largest economies of the world. Of these, Germany has the highest GDP, the largest population, and the highest purchasing power.

Within Germany, the State of Baden-Württemberg, Germany's southwest, is one of the most prosperous and innovative regions.

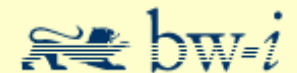
Source: German Federal Statistics Office, EUROSTAT, OECD (2006)

■ Dimension of total GDP



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The right Location for Growth and Prosperity



Germany's Southwest:
Baden-Württemberg

Baden-Württemberg is already the most highly industrialized and one of the most prosperous regions in Germany.

Its proximity to important markets – east and west – makes it an ideal location for pan-European activities.

And it has further merits:

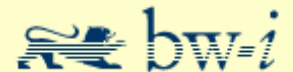
- It has a highly developed infrastructure – suppliers, R&D facilities, business services.
- Its workforce is well trained, innovative and productive.
- Its companies have an established export orientation and know how to penetrate new markets.

It is set to succeed in the 21st Century.



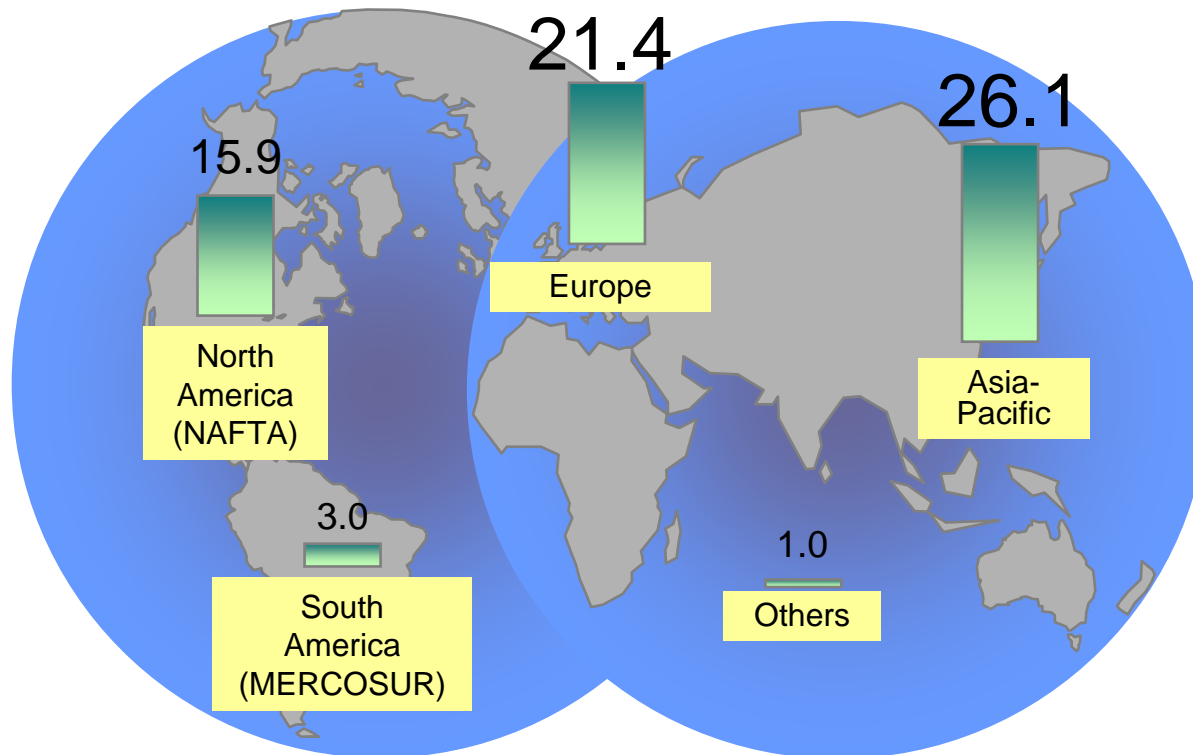
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Europe – the most attractive automotive supply market

Global Production of Cars and Commercial Vehicles (in million units)



Of the 67.4 million cars and commercial vehicles produced worldwide, 21.4 million (more than a third) were produced in Europe, more than in the NAFTA (15.9 million) and in as much as in the Asia-Pacific region (26.1 million).

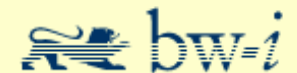
In addition, many of the European car manufacturers have additional production sites outside Europe, while the purchase of automotive supply parts is handled in the European Headquarters.

Source: VDA, figures from 2006



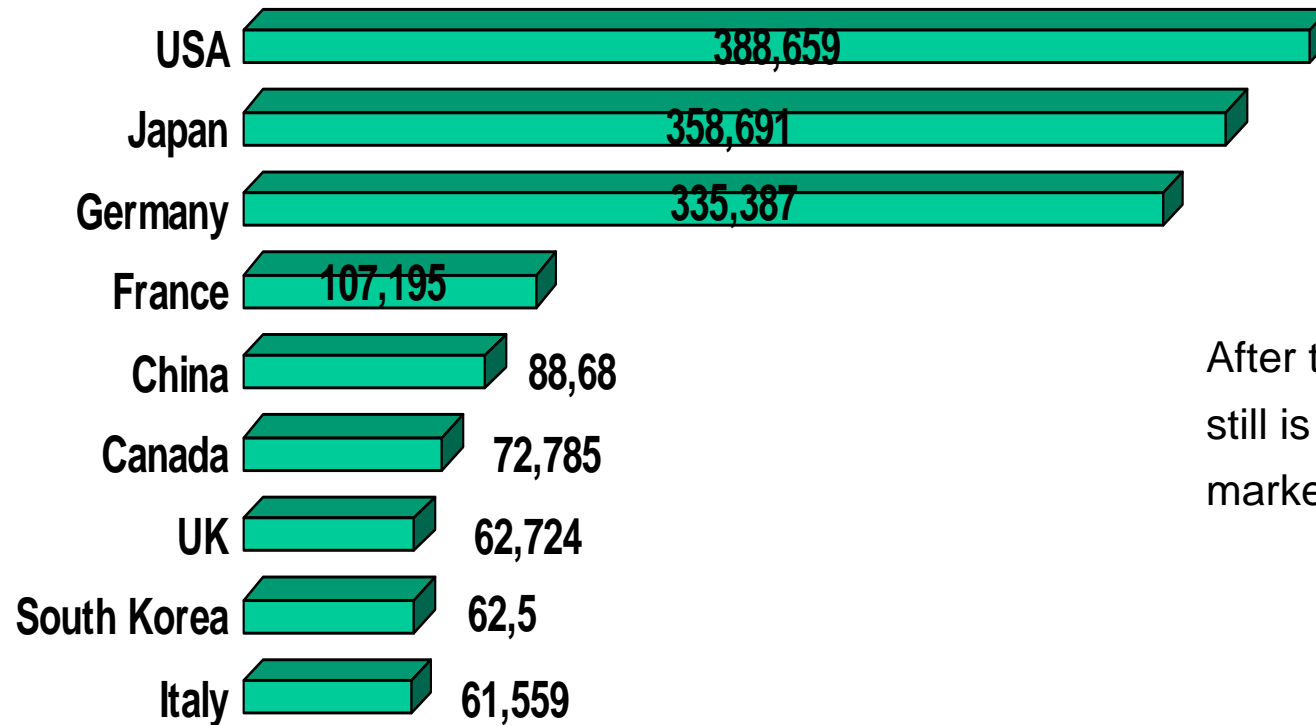
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Germany - Europe's biggest market for OEMs and supplier

Manufacture of motor vehicles and motor vehicles parts
(Turnover in Bn Euro)



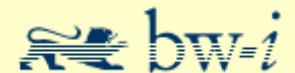
After the USA and Japan – Germany still is the third largest automotive market.

Source: VDA, International Auto Statistics, Figures from 2005

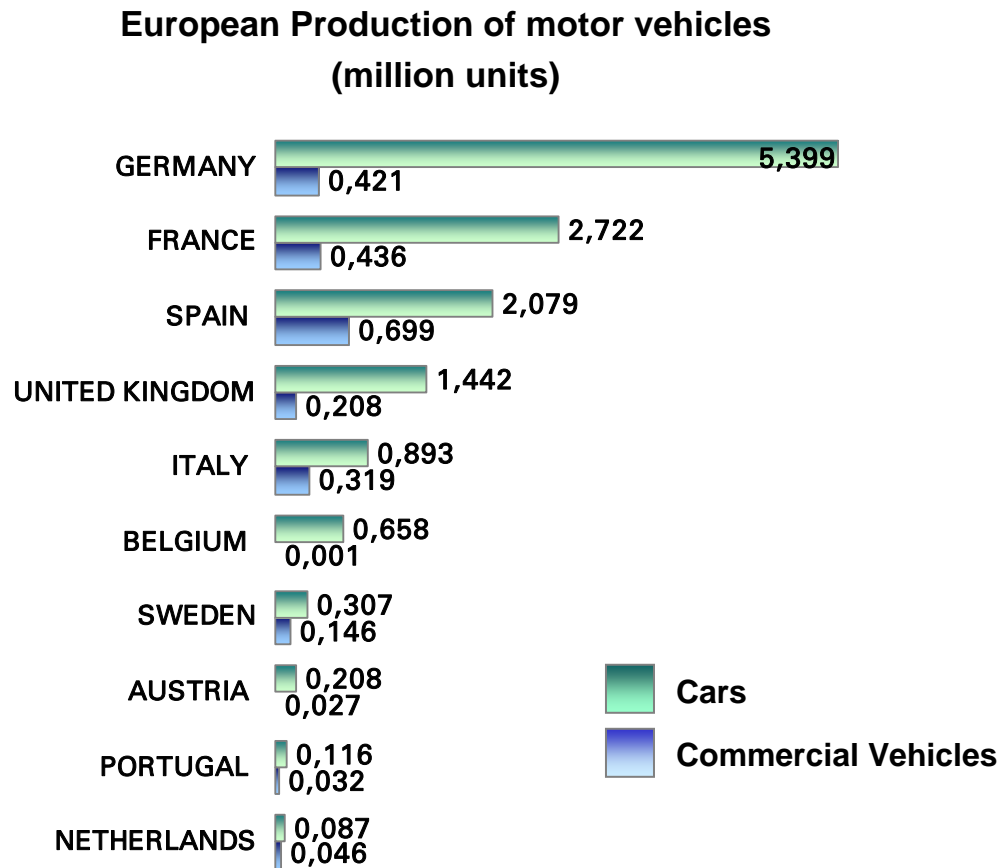


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Germany – Europe's largest automotive supply market



With more than 5 million cars and more than 400,000 commercial vehicles, Germany is the largest EU automotive manufacturer and also the largest market for automotive components, accounting for

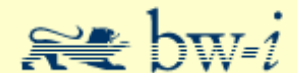
- 51% of the EU OEM market and
- 25% of the aftermarket.

Source: ACEA, figures from 2006



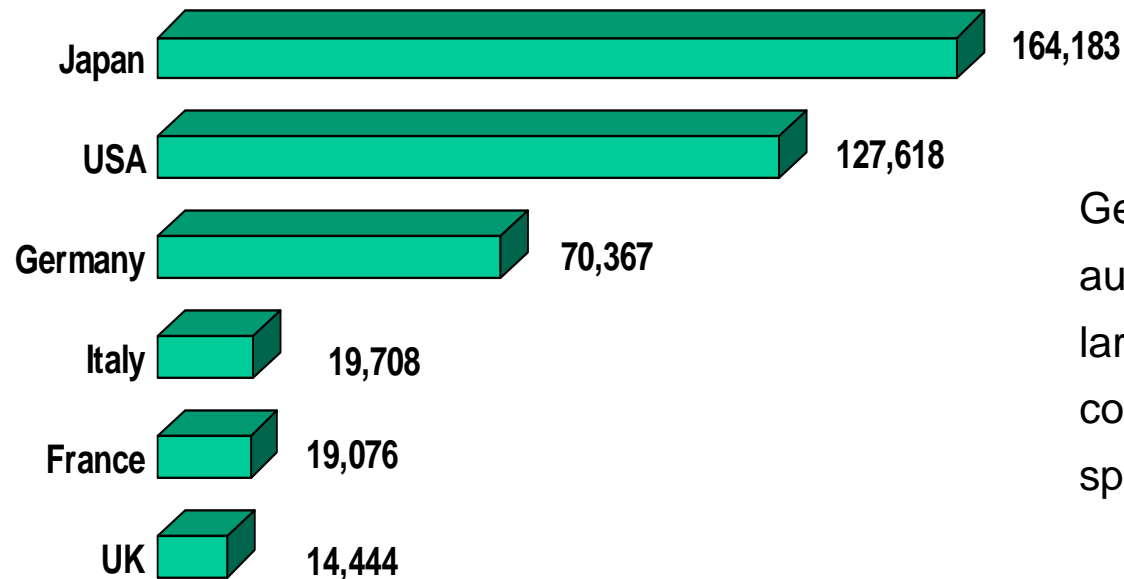
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Germany – Europe's largest automotive supply market

The Automotive Components Industry
(Turnover in Bn Euro)



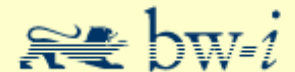
Germany is the largest producer of automotive components in Europe with a large number of small and medium-sized companies in this sector, many of them very specialized.

Source: VDA, International Auto Statistics, Figures from 2006

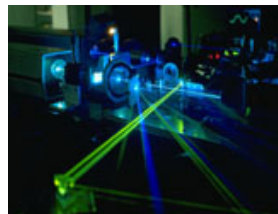


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Growth Opportunities for High-Tech Companies

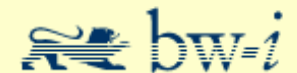


- High-quality, high-tech products are increasingly in demand
- The market is growing and will continue to increase
- There is room for new market entrants among the wide range of producers
- EU norms and standards are not a hurdle, but an opportunity to serve an ever-expanding market



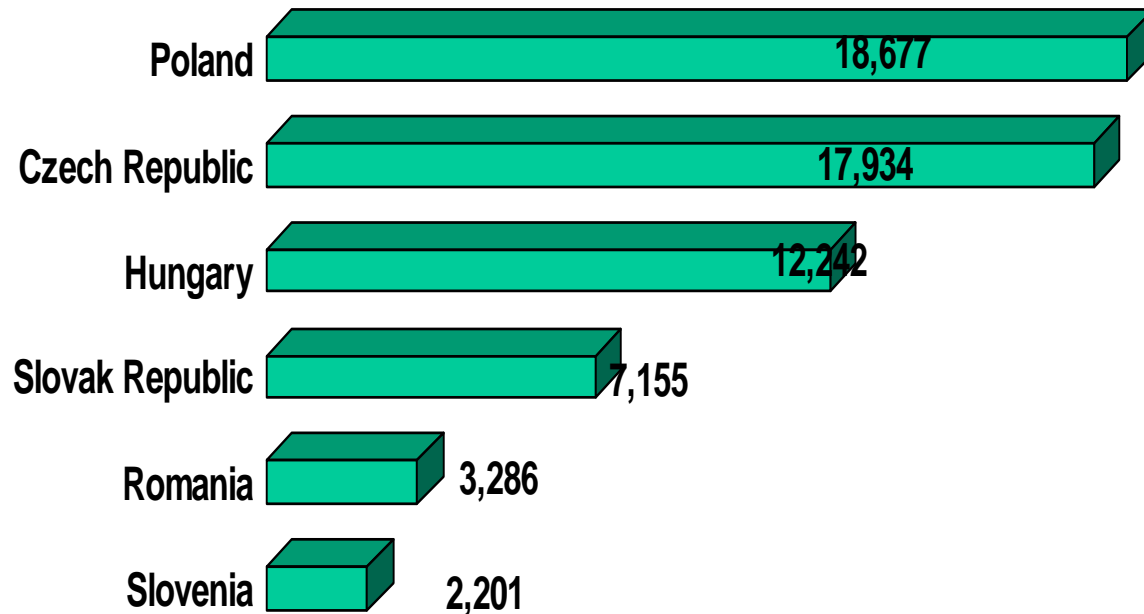
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Eastern Europe is an attractive Market

Manufacture of motor vehicles and motor vehicles parts
(Turnover in Mn Euro)



Besides China, Eastern Europe is considered the most interesting growth market for automobiles.

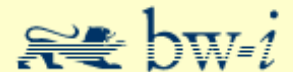
The Western European automotive supply market will play a major role within this growth scenario, as many of these cars are produced in Western Europe or Central European factories of EU car manufacturers.

Source: VDA, International Auto Statistics, Figures from 2006

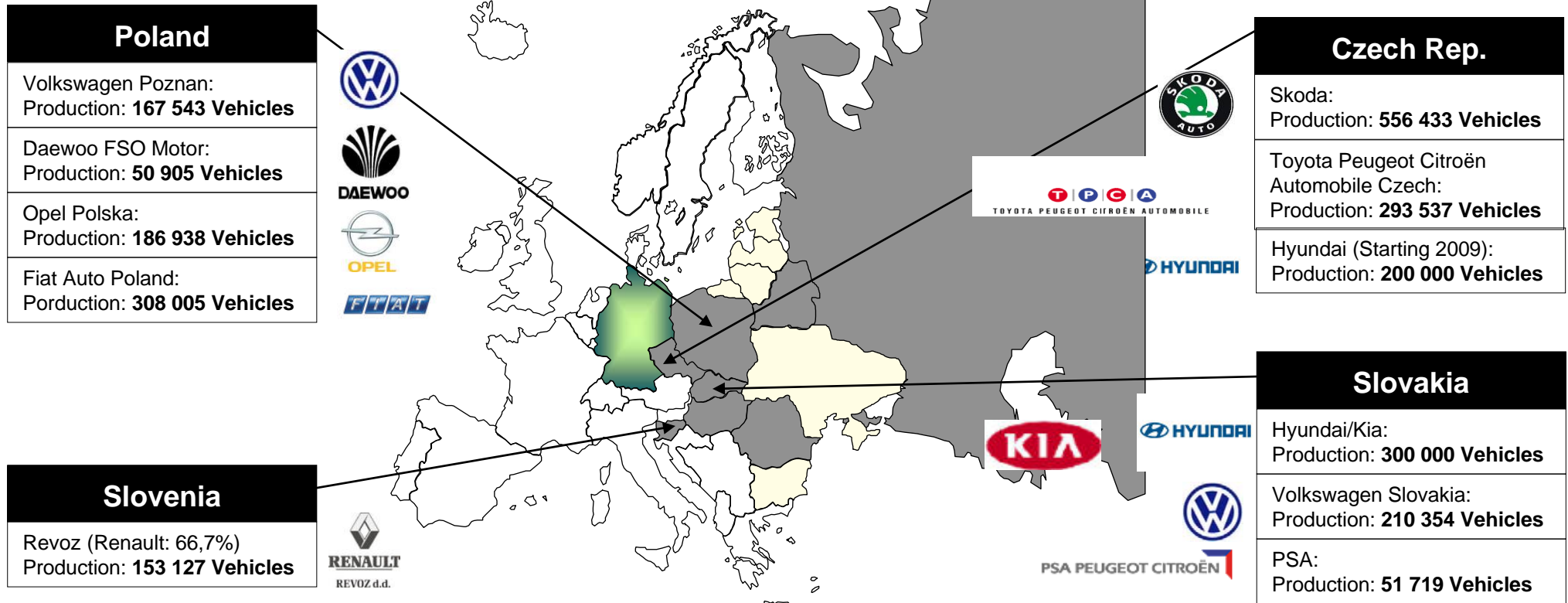


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New Targets for Automotive Suppliers in Eastern Europe

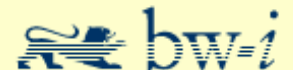


Source: OICA/Autonews Europe/VDA



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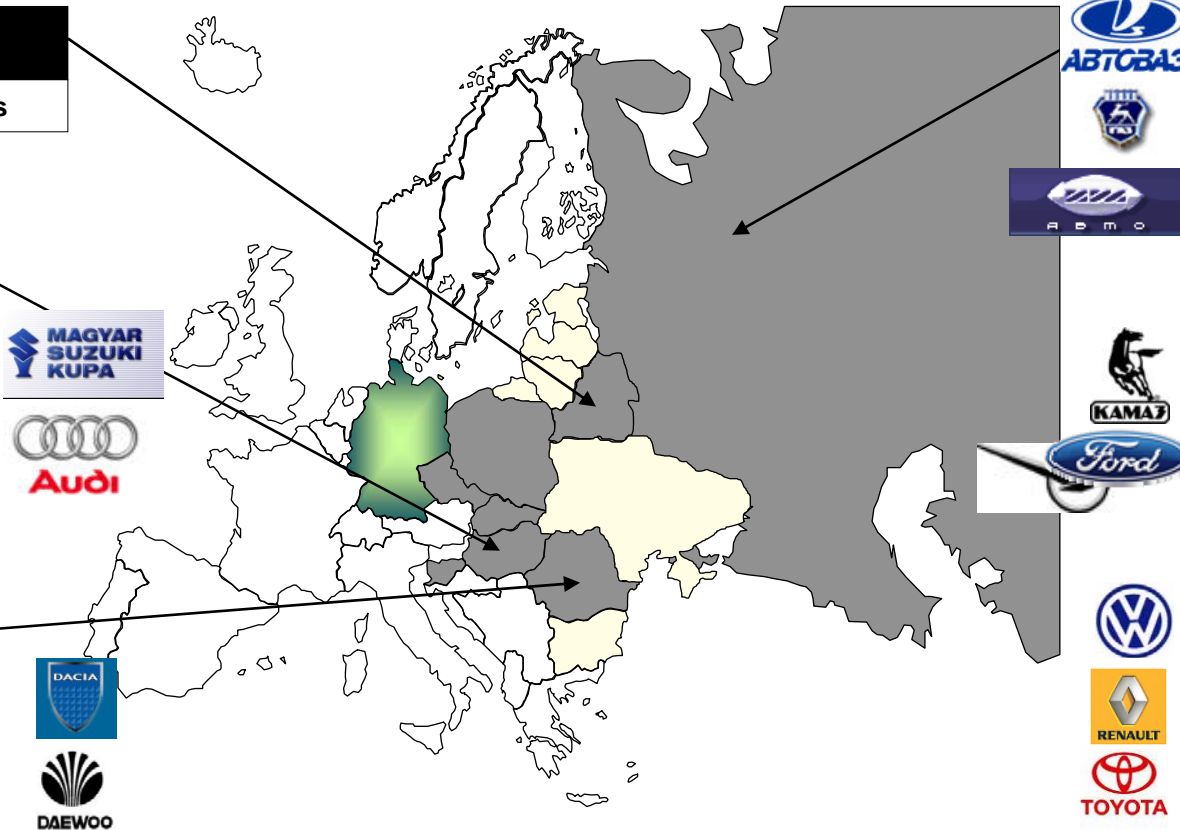


New Targets for Automotive Suppliers in Eastern Europe

Belarus
Total production: **23 150 Vehicles**

Hungary
Magyar Suzuki
Production: **163 958 Vehicles**
Audi Hungaria Motor:
Production: **23 675 Vehicles**

Romania
Dacia (Renault: 92,75%):
Production: **188 218 Vehicles**
Daewoo (GM):
Production: **24 855 Vehicles**



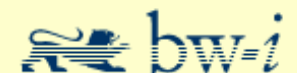
Russia	
AvtoVAZ:	Production: 765 627 Vehicles
GAZ	Production: 235 456 Vehicles
ISC-Izh-Avto:	Production: 65 021 Vehicles
UAZ:	Production: 63 668 Vehicles
Kamaz:	Production: 52 450 Vehicles
Ford	Production: 62 409 Vehicles
GM/AvtoVAZ:	Production: 47 946 Vehicles
VW:	Production: 68 301 Vehicles
Renault:	Production: 50 665 Vehicles
Toyota (Startin End 2007):	Production: 40 000 Vehicles
Nissan (Starting 2009):	Production: 50 000 Vehicles

Source: OICA/Autonews Europe/VDA



Baden-Württemberg

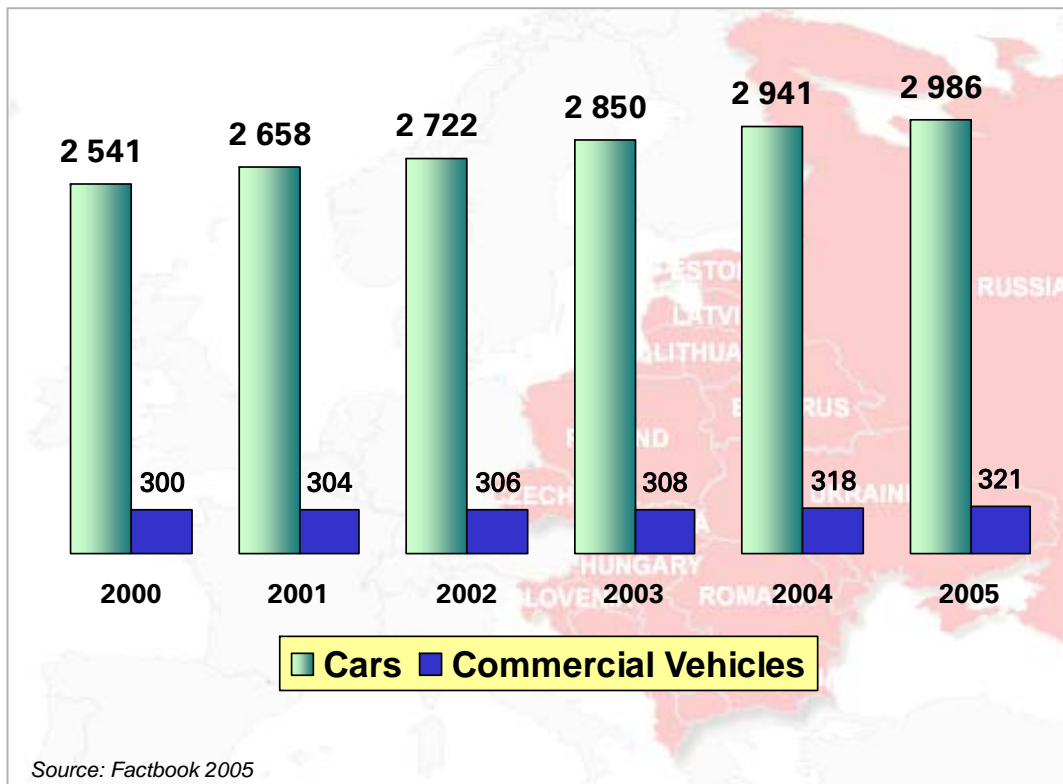
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New Targets for Automotive Suppliers in Eastern Europe

Vehicle Production Forecast
for Central and Eastern Europe (in thousands)

In 2005, 2.986 million cars have been produced or assembled in Eastern Europe.



Russia, Poland and the Czech Republic are expected to account for 75% of the total output.



Baden-Württemberg and it's Automotive Industry



Mercedes-Benz

www.mercedes-benz.de



PORSCHE

www.porsche.de



Audi

www.audi.de

BOSCH

www.bosch.de

The motor vehicle industry has a long tradition in Baden-Württemberg:

- The home of Gottlieb Daimler and Carl Benz – pioneers in the automobile industry
- The site of automobile production since 1901, when the first Mercedes took to the roads

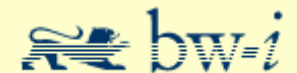
It has always had a trend-setting function in many technological areas:

- Mercedes-Benz (Daimler) in the field of driver safety
- Porsche in all areas of sports car technology
- Audi in four-wheel drive for normal sedans
- Bosch in fuel-injection systems and ABS

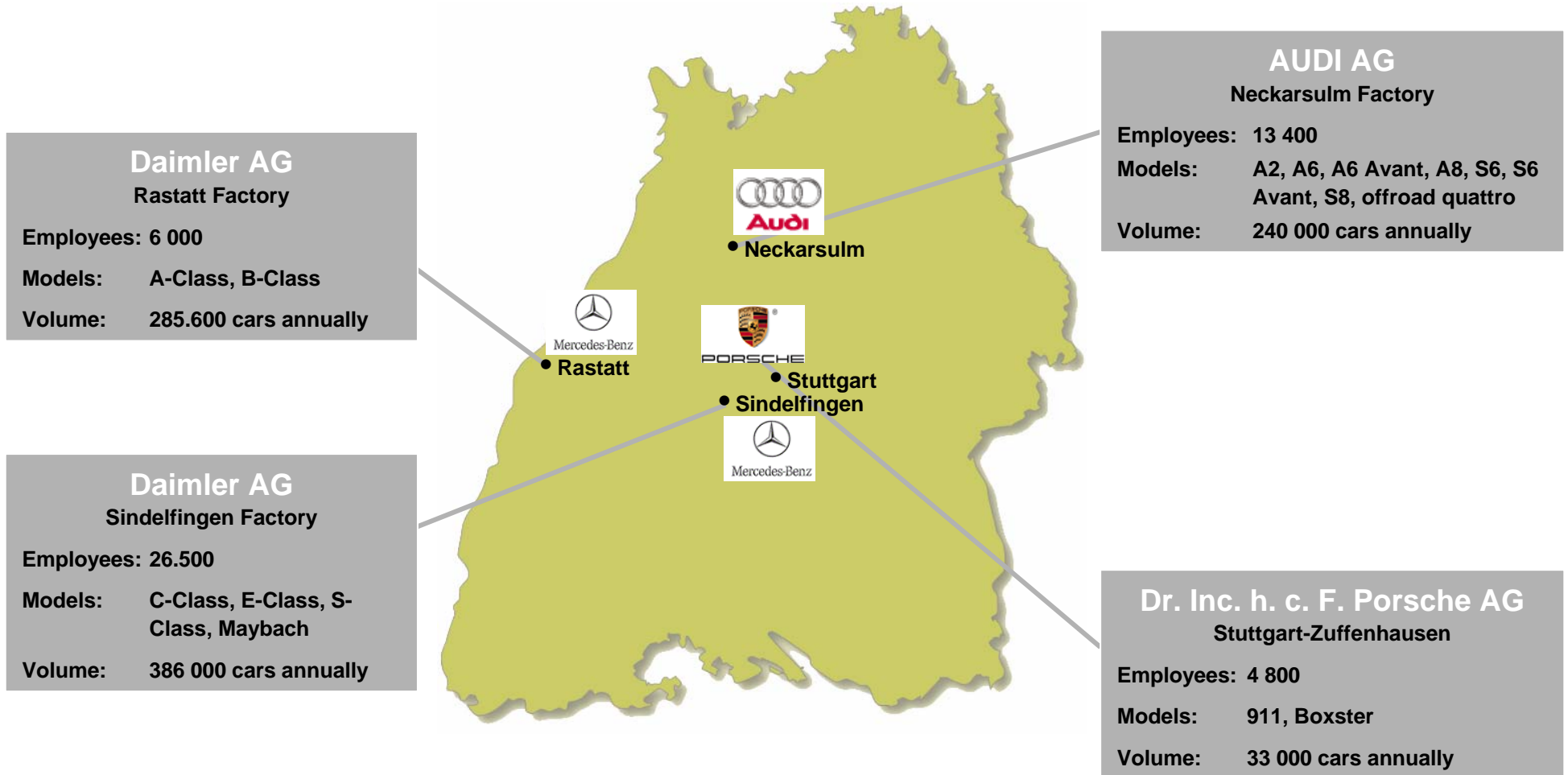


Baden-Württemberg

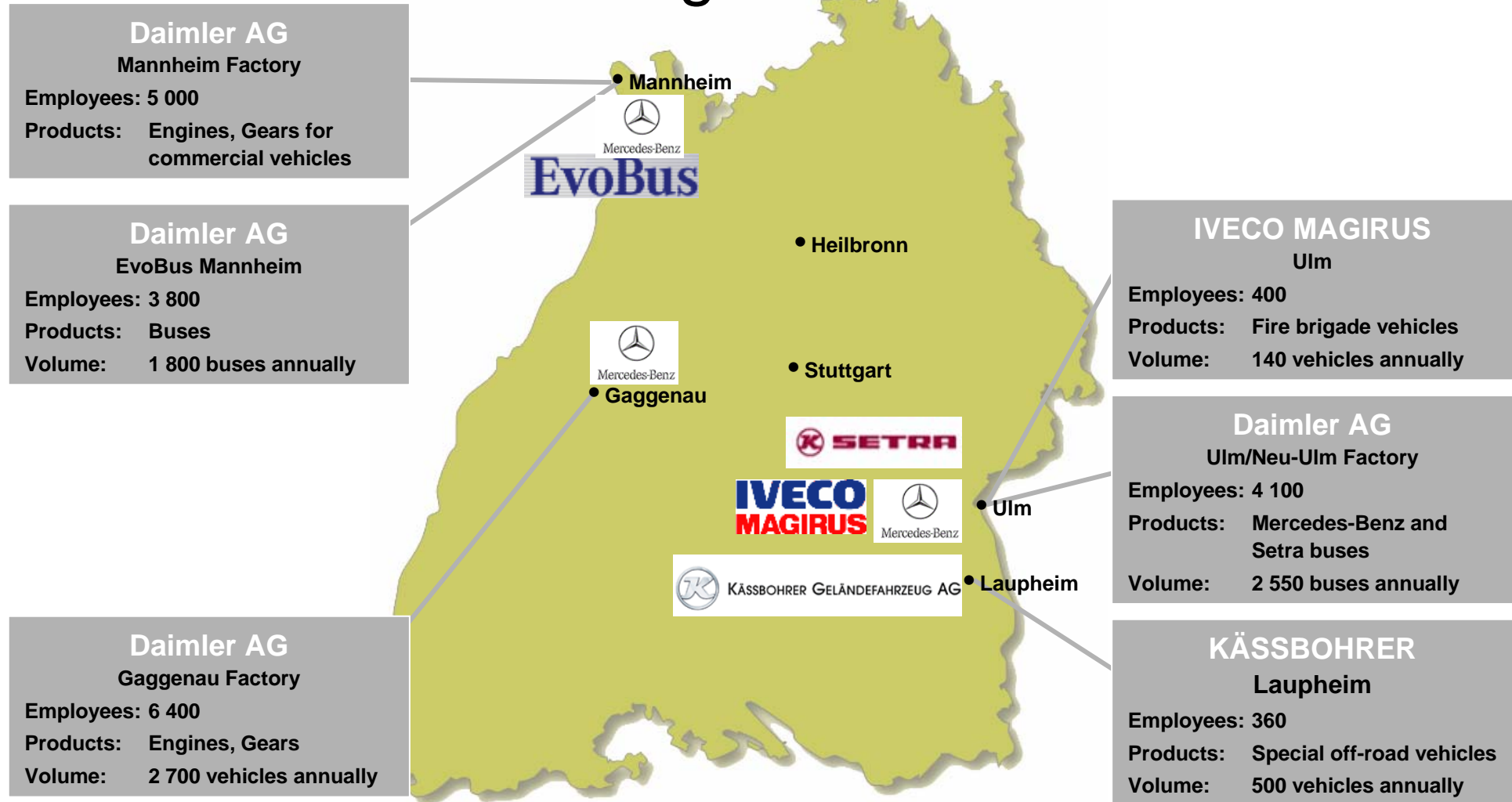
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Annually, almost one million cars are produced in Baden-Württemberg



Also commercial vehicles have a strong base in the State

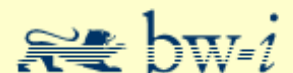


Suppliers of the Automotive Industry

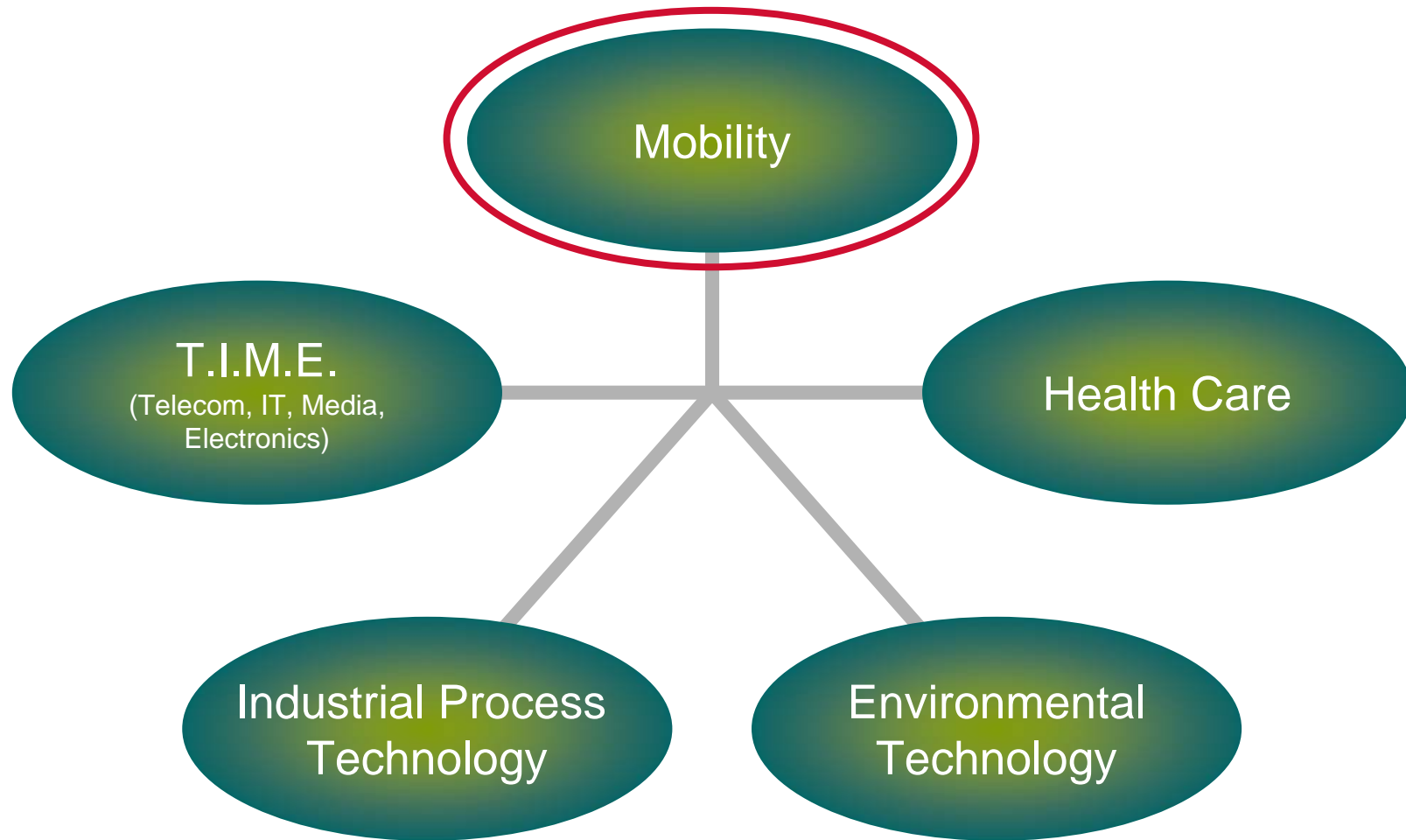


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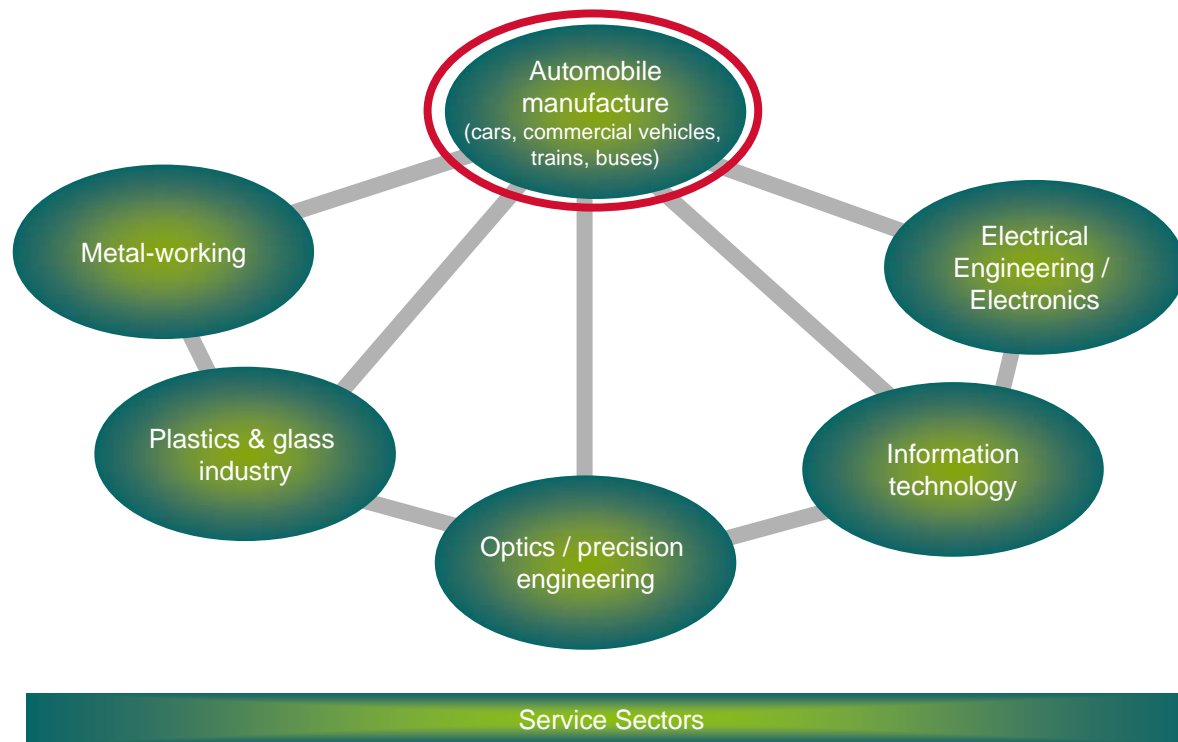


Mobility – One of Baden-Württemberg's five Key Clusters



Baden-Württemberg's unique Automotive Cluster

Nowhere else in Europe is the concentration in the „Mobility-Sector“ as high as in Baden-Württemberg



Automobile production depends on a closely knit network of supplier industries.

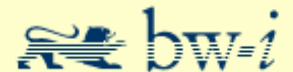
In Baden-Württemberg, all the supplier industries are present in great density – one of the few regions worldwide that offers this advantage.

Many important innovations, such as the Electronic Stability Program (ESP) or TELE AID, a system combining GPS-navigation with telematic services, are the result of close cooperation between the different sectors.



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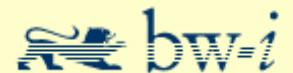
Baden-Württemberg – A focal point in Automotive Supply

- Baden-Württemberg is the center of the German automobile industry, accounting for 24% of the sales in this sector in Germany.
- In total, the vehicle manufacturing sector in Baden-Württemberg generated a turnover of 82.3 bn Euro in 2006, 64 % through export activities. That equals 29% of the turnover generated by the manufacturing industry in Baden-Württemberg..
- Approx. 360 vehicle manufacturing companies are located in Baden-Württemberg.
- Both manufacturers and suppliers benefit from this industrial density – the highest worldwide. More than 3 300 businesses (with more than € 120 billion turnover) from the most diverse areas work in close cooperation with car manufacturers as suppliers, customers or partners in design and development.



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Baden-Württemberg – all Location Criteria fulfilled

Baden-Württemberg can provide...

- Proximity to major motor-vehicle manufacturers: Mercedes-Benz, Porsche, Audi
- Proximity to manufacturers of heavy vehicles, agricultural vehicles and busses: Kässbohrer, Iveco Magirus, Mercedes-Benz, Evobus
- Density of local suppliers in all related areas
- Highly qualified and quality-conscious employees

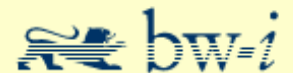
Automotive Suppliers benefit from...

- Immediate access to important OEMs
- Cooperation opportunities with other suppliers
 - In developing systems and modules
 - In carrying out simultaneous engineering tasks
- The skills and experience of well trained personnel in developing innovative products and penetrating new markets



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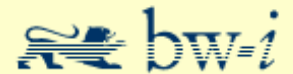
Baden-Württemberg – A unique reservoir of qualified personnel

- Baden-Württemberg's car manufacturers employ more than 235 000 people – i.e. 20% of the total industry workforce of the State.
- Every 20th employee in Baden-Württemberg has an engineer degree.
- More than 90 000 students study management or engineering every year.
- Many universities and technical colleges offer specialized courses for the automotive sector:
 - Design, development and process engineering in Esslingen and Konstanz
 - Automotive engineering in Karlsruhe and Esslingen
 - Business Administration Automotive Industry in Nürtingen
 - Automotive Engineering (Powertrain/Services and Chassis/Mechatronics) in Esslingen
 - Studies in english language as Mechatronics in Ravensburg and Automotive Engineering in Esslingen
 - Automotive design in Pforzheim

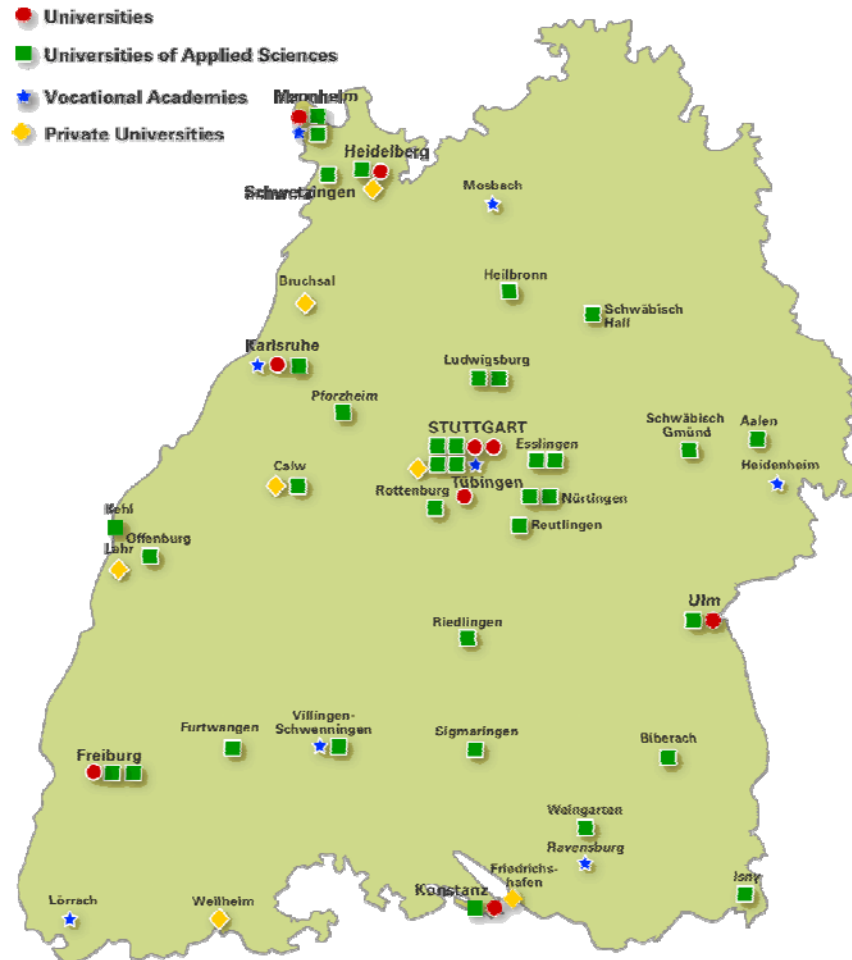


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Baden-Württemberg – An excellent structure for higher education



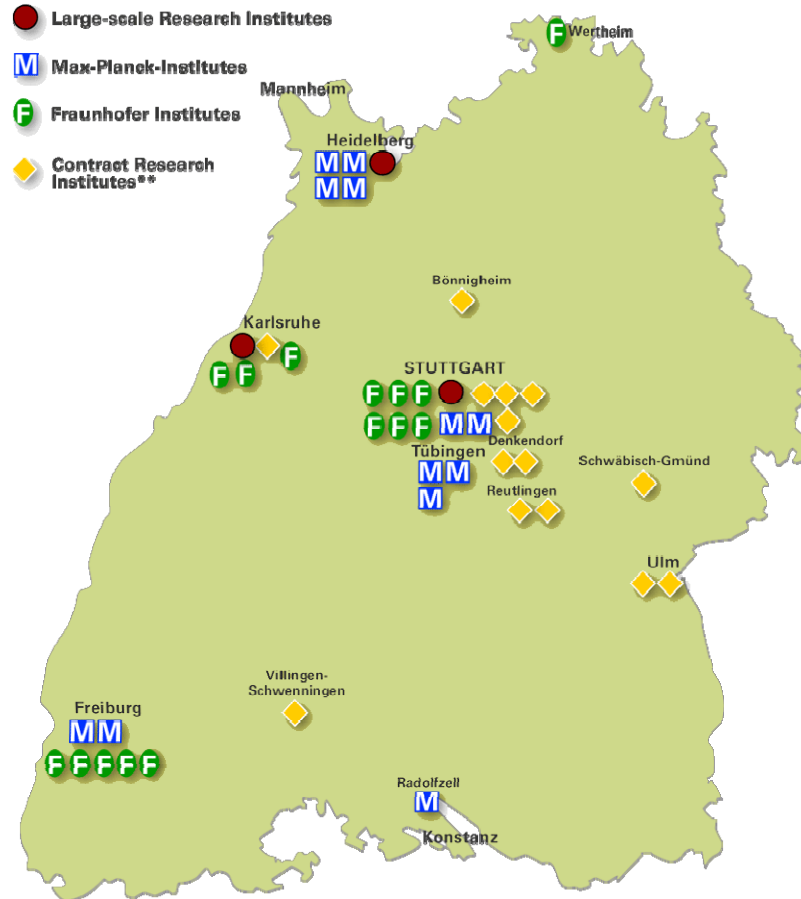
Baden-Württemberg has the most densest and the most modern structure of Universities and Academies for higher education, including

- 9 Universities
- 36 Universities of Applied Sciences
- 6 Universities of Education
- 8 Universities of Arts
- 8 Vocational Academies
- 7 Private Universities

A network of technology transfer centers provides the bridge between private industry and research institutes and guarantees rapid access to new results.



Baden-Württemberg – A highly developed Research Infrastructure



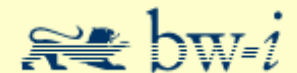
The State provides a unique research infrastructure consisting of

- 3 Large-scale research institutes
- 12 Max-Planck-Institutes
- 15 Fraunhofer Institutes
- 13 Contract research institutes



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Baden-Württemberg – Good access to the East and the West

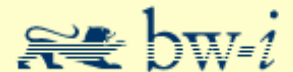


Distance	in km	flight time
Athens	1677	3hrs/40
Berlin	512	1hr/10
Brussels	416	1hr/5
Budapest	749	1hr/20
Copenhagen	802	1hr/40
Helsinki	1621	2hrs/40
Istanbul	1776	4hrs
Lisbon	1841	2hrs/10
London	727	1hr/50
Madrid	1378	2hrs/20
Milan	369	1hr/5
Moscow	2067	5hrs/10
Paris	502	1hr/20
Prague	408	1hr
Rome	808	1hr/35



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Baden-Württemberg Facts & Figures

Population	10.7 million inhabitants
Gross domestic product (GDP)	Euro 353 billion
Expenditure on R&D	Euro 13.7 billion = 4,2% of the State's GDP
Patent applications per year	> 13 638 = 28,5% of German total
Number of manufacturing plants (with more than 50 employees)	4 500
Export quota (manufactured products)	51 %
Value of exports	Euro 150 billion = 1.8 % of the World's exports
Research facilities	> 100 major research institutes
University, technical and vocational college students	242 938



Baden-Württemberg

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Services provided by Baden-Württemberg International

Baden-Württemberg International is your central port of call if you are looking for a location or a Baden-Württemberg partner with whom to establish fruitful business relations. Our range of services includes:

When you are looking for an industrial location:

- Information on Baden-Württemberg and on individual industrial sites.
- Consulting on government subsidies and programs.
- Assistance with all contacts to authorities, including permit procedures.
- Support in the search for suppliers and the selection of service companies.

When you are looking for cooperation partners:

- Information on market potential and market specifics.
- Planning of information visits, including appointment scheduling.
- Identification of potential partners that meet your specific demands.
- Assistance with trade fair activities in Baden-Württemberg.

Baden-Württemberg International
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Internet: www.bw-invest.de • E-Mail: info@bw-i.de



Baden-Württemberg

Baden-Württemberg International The logo for Baden-Württemberg International, consisting of a stylized blue and white graphic followed by the lowercase letters 'bw-i'.