



HUNGARY

SMART. AMBITIOUS. COMPETITIVE

Information package

HIPA

November 2024

HIPA services



The only governmental investment promotion agency in Hungary, HIPA provides a wide range of services for investors, free of charge



Location selection

- Tailor-made information packages
- Investment Site Database with more than 2,000 green/brownfield industrial sites
- Location search and evaluation
- Site visits and reference visits
- Meetings with local authorities, educational institutions, consultants



State aid

- Tailor-made incentive offers and state aid information packages
- Assistance with the incentive application
- Management of the VIP cash subsidy procedure



Supplier services

- Extensive database about local suppliers with certificates and references to the automotive sector
- B2B meetings between Integrators and Hungarian suppliers
- Tailor-made supplier development programs



Gateway to the Government

- Policy advocacy: policy proposals based on company feedbacks
- Mediation between business and government to support economic development

! HIPA offers one-stop-shop management consultancy services, tailor-made information packages and incentives for companies interested in investing in Hungary.

Value proposition of Hungary

Attractive business environment and active support from HIPA

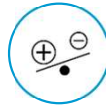


Stable country, strong momentum



2.5% GDP growth projected for 2024
Political stability, **foreign trade and FDI focused foreign policy**
Swift government decisions, one-stop-shop support for investors

Competitive tax system



9% flat rate corporate income tax
13% employer related taxes
15% flat rate personal income tax, **no PIT under the age of 25**

Attractive state aid packages



Financial support in line with EU state aid rules, such as:

- Regional aid
- R&D and training subsidy

Excellent logistics in a central location



3 European TEN-T transportation corridors crossing Hungary
1st in length of motorways in CEE, **6th** in railway density in Europe
BUD international airport providing ~150 direct flight connections

Hungary is on a green pathway



Hungary is dedicated to reach ambitious climate goals and aims to be carbon neutral by 2050
72% of energy production is already carbon free and
90% of energy production will be carbon neutral by 2030

Proven track record



Successful implementation of **large-scale greenfield projects** involving significant utility and infrastructure developments in the automotive, e-mobility and electronics sectors.

World-class education



10 top universities among the top 500 universities in Europe
289,991 university students receiving a world-class education in 64 tertiary education institutions with a focus on STEM courses.
186,058 students in vocational education

Dedicated project team and government support



Full support by HIPA, your gateway to the Hungarian government

- Management consultancy services free of charge
- Location selection and supplier service support
- Tailor-made **incentive offers**, state aid information packages



Risk of natural
disasters
Very low



Climate
Temperate



Area
93,024 km²



Time zone
GMT +1 hour



Currency
Forint
(HUF)



Population
9,678,000
(2023, HCSO)

HUNGARY



Capital
Budapest
1,671,004
(2023, HCSO)



Other major cities
Debrecen (201,582)
Szeged (158,829)
Miskolc (145,248)
Pécs (141,031)
Győr (130,020)
(2023, HCSO)



EU member since 2004
Schengen member since 2007



Membership in
international
organisations
NATO, UN, OECD, WTO,
IMF

(Source: *HCSO = Hungarian Central Statistical Office)

Logistics

Hungary offers excellent logistic opportunities in a central location



European Union & Schengen

EU and Schengen memberships mean the free movement of goods and labour within the EU

Central location as the centre of gravity for distribution to Central & South- Eastern Europe

3TEN-T as Hungary is at the crossroads of 3 core European transportation corridors: Mediterranean, Orient/East – Med, Rhine – Danube

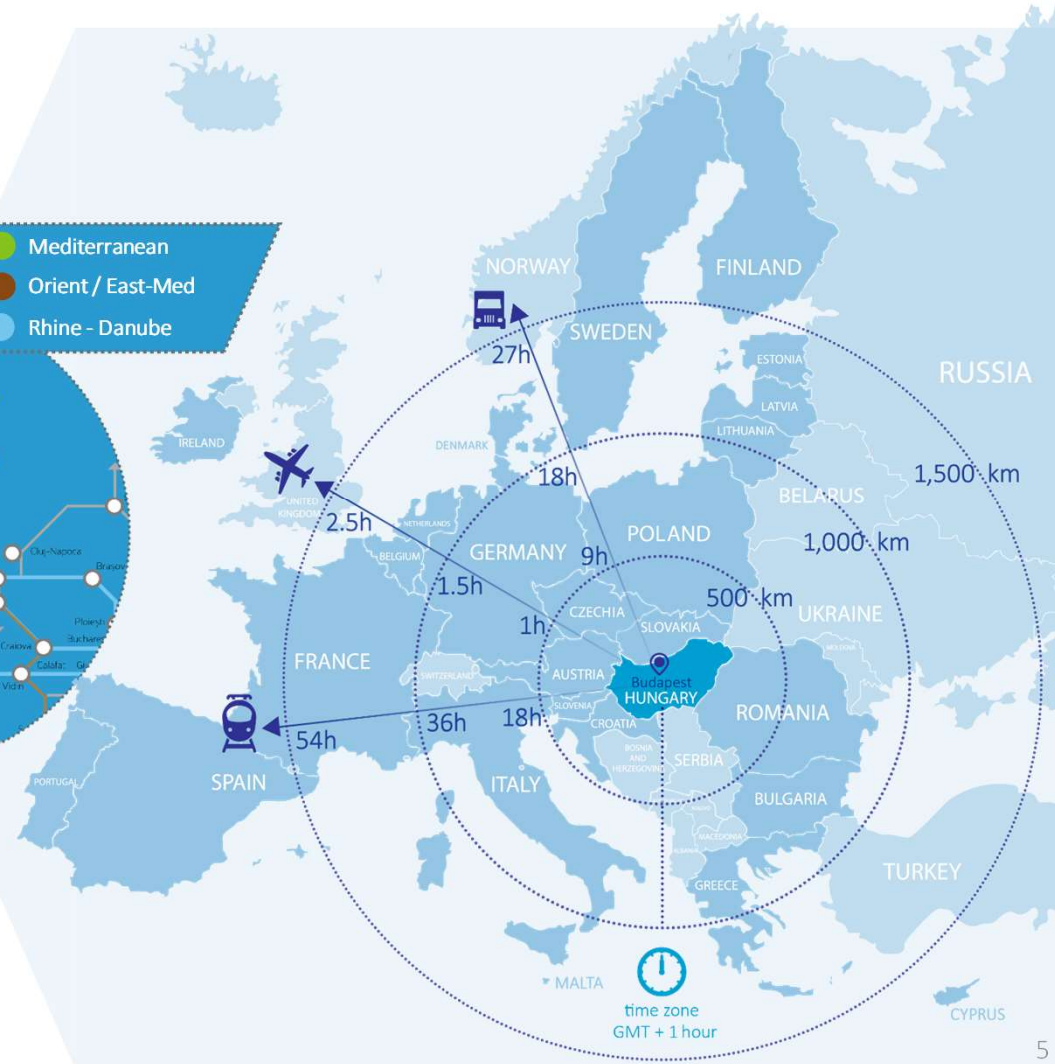
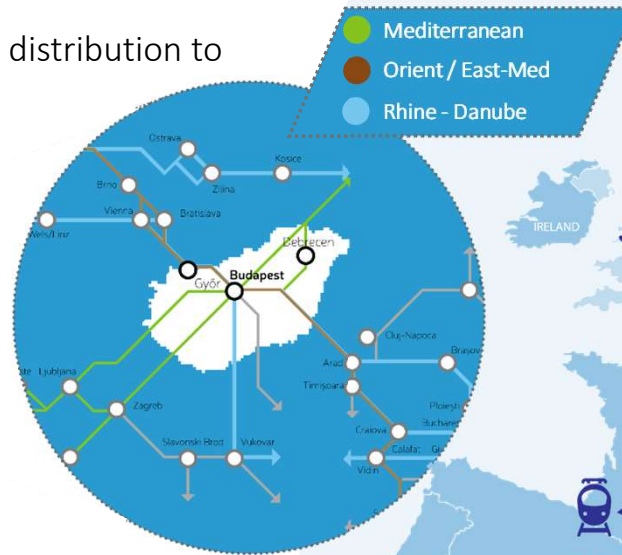


Airports & waterways

~150 direct destinations available from Budapest airport

Inland waterway in Hungary is part of the Rhine – Danube corridor

The port of Koper located just above 300 km from Hungary is the most important transport hub for Central and Eastern Europe



Logistics

Competent and continuously developing transportation infrastructure



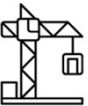
Road infrastructure

- 1st in CEE in length of motorways
- 1,739 km world class highway network
- 360+ km highway under construction



Rail infrastructure

- 7,800 km overall length of exiting rail tracks
- 6th by railway line density in Europe
- Continuous investment in rail infrastructure (i.e. construction of the Budapest-Belgrade railway line)



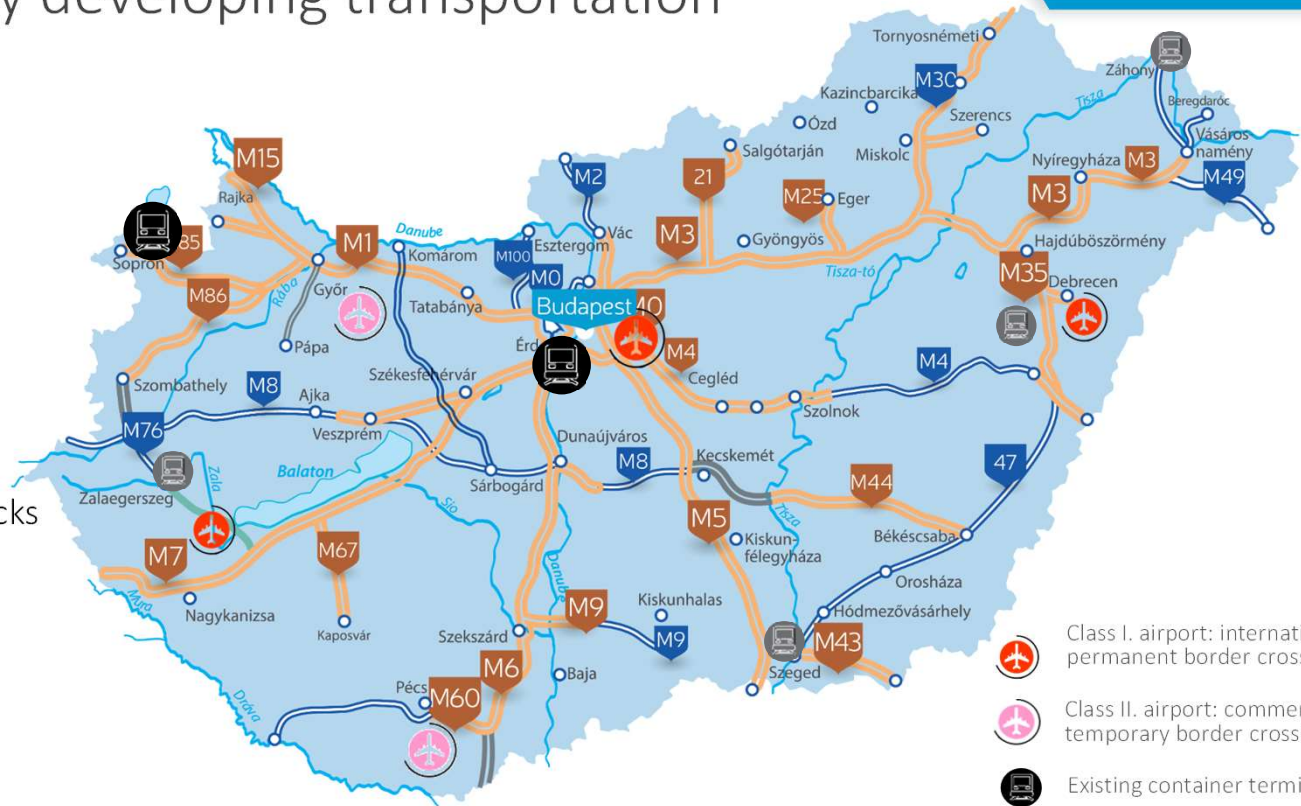
Container terminals

- 4 existing container terminals near Budapest and Sopron and more planned
- 50+ scheduled container trains weekly to European ports



Sea port

from 2027 the port of Trieste will serve the Hungarian companies



- Class I. airport: international commercial permanent border crossing
- Class II. airport: commercial and temporary border crossing
- Existing container terminals
- Planned container terminals
- Existing motorway
- Motorway under construction
- 5G Smart road
- Planned future development of motorways

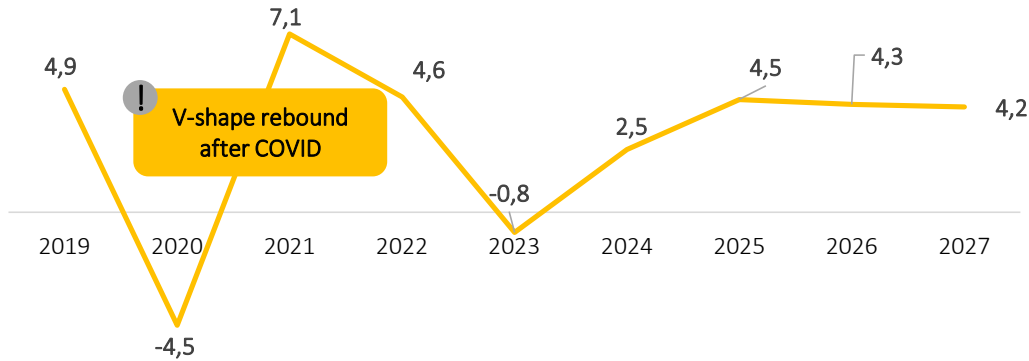
Economy of Hungary

Stable, open economy and a very competitive tax system with trade focused foreign policy



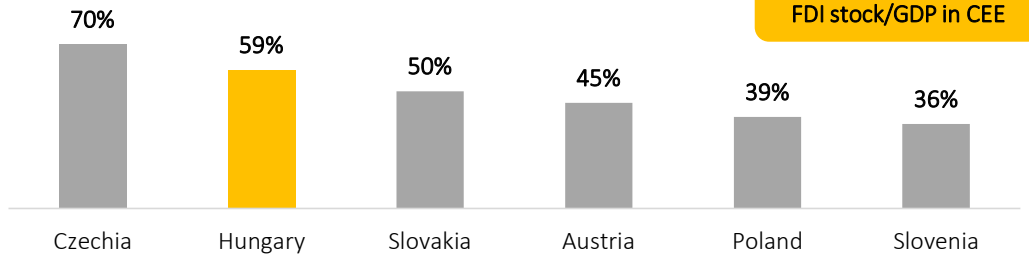
Good GDP growth outlook

GDP growth (%) prognosis by Ministry of Finance, Dec. 2023



Open economy with trade focused foreign policy

Inward FDI stock in 2022 (% of GDP) by OECD



! Second highest inward FDI stock/GDP in CEE

OPEN ECONOMY

Export/GDP ratio close to 100%
Investment and trade development are key to drive sustainable growth



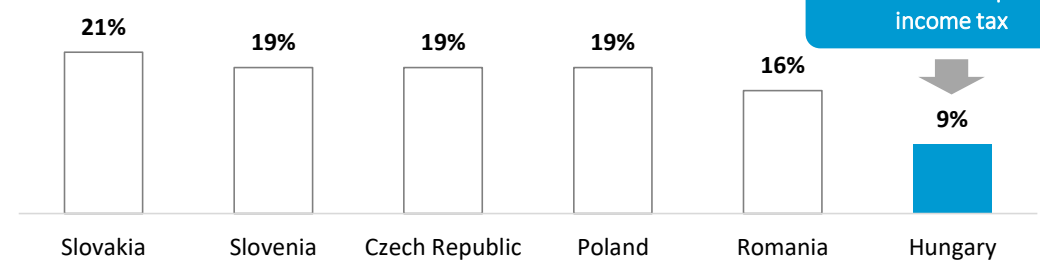
TRADE FOCUSED FOREIGN POLICY

Partnership with investors is a national priority
The Ministry of Foreign Affairs and Trade & HIPA support investors in Hungary



Lowest corporate income tax rate in the EU

Corporate income tax rates, 2024

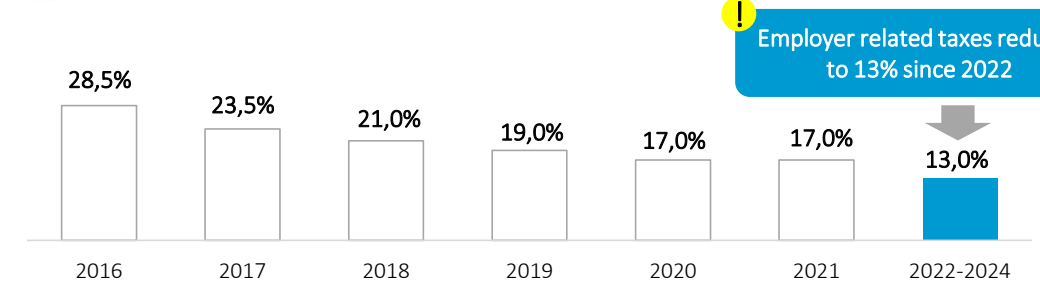


! 9% flat rate corporate income tax



Reducing tax burden on labour

Social charges (%) paid by the employer on top of the gross salary



! Employer related taxes reduced to 13% since 2022

TAX EXEMPTIONS

Tax exemptions for families with children
All under 25 years and mothers under 30 are exempt from personal income tax



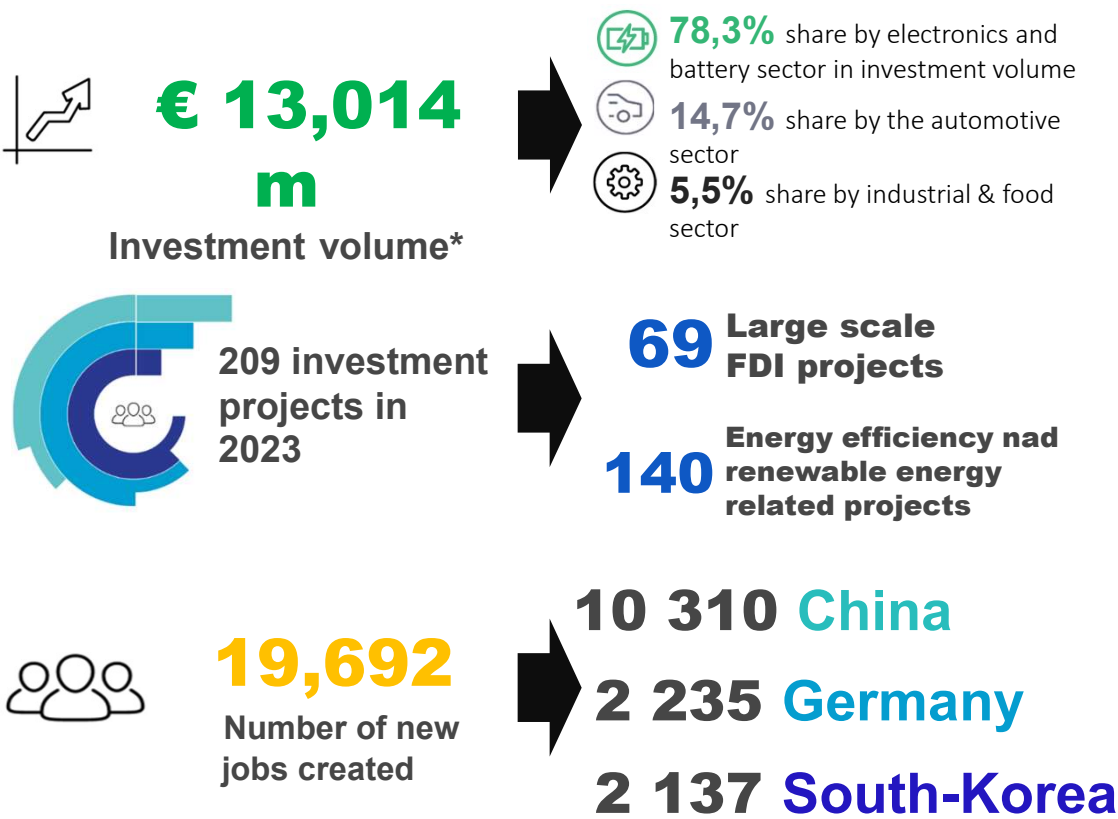
LOW TAX ON PROFIT

Only 5.6% tax per GDP on profit, which is the lowest in the EU based on OECD research in 2022

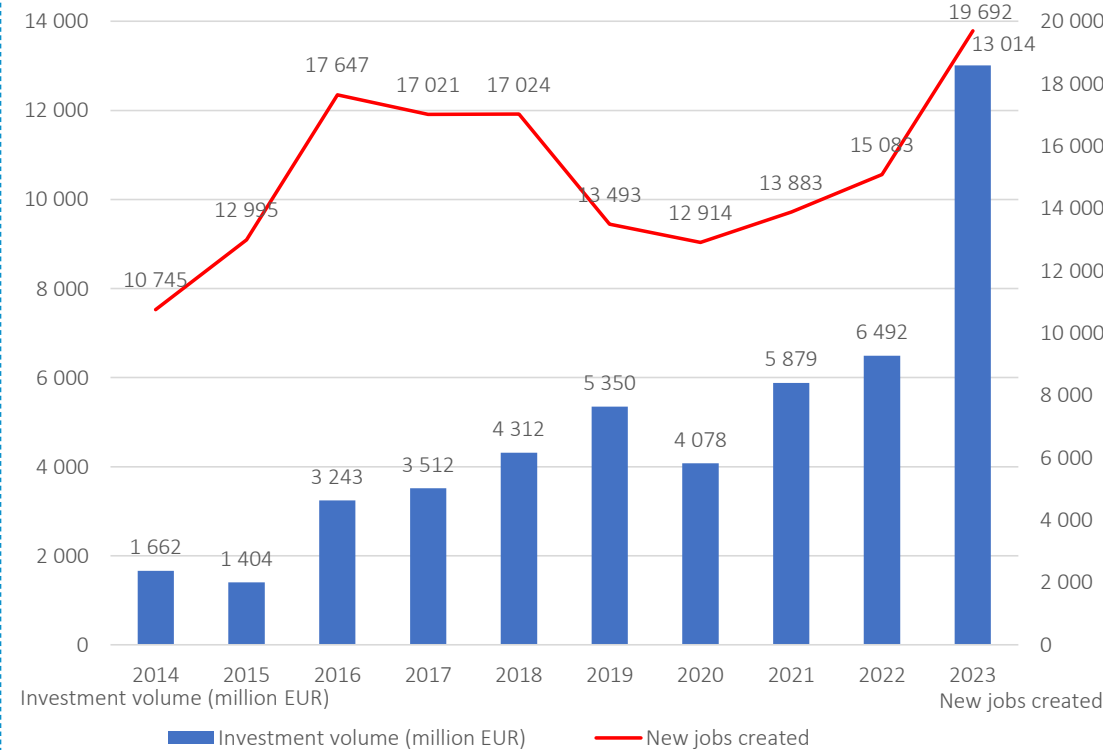
Investment results

Proven track record of successfully implementing large scale greenfield projects and medium to small projects

HIPA investment results 2023



FDI trends since 2014



*€11 816 million related to large scale FDI projects and €1 158 million are energy efficiency related investment

Investment trends in Hungary

Recent key investments in automotive, battery, food and service industries showcase the dynamics of the Hungarian economy

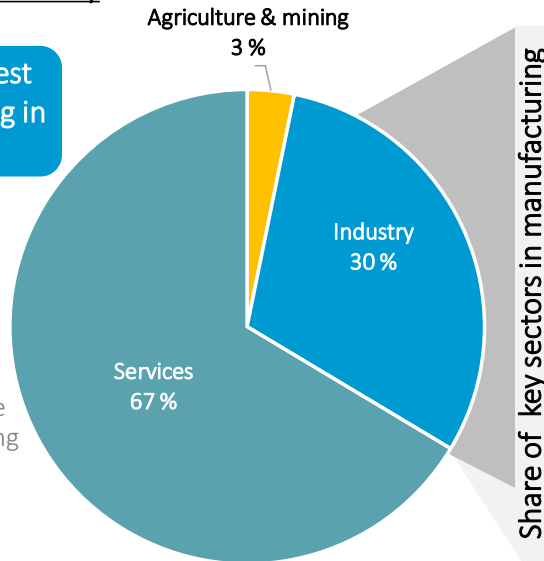
Structure of the Hungarian economy

! Hungary has the 11th highest economy complexity ranking in the world

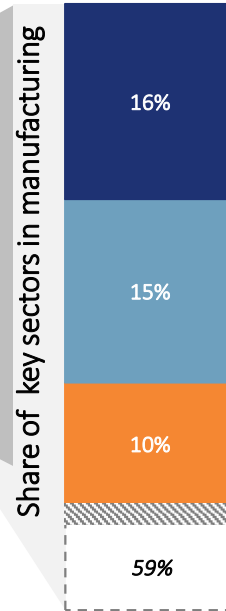


Increasing share of high value-add service activities

Business Service Centers and the ICT sector are greatly contributing to the high value-add of the service sector in Hungary



Manufacturing in Hungary



Strengthening automotive ecosystem

Hungary is the only country in Europe to host production units of the 3 German premium car manufacturers besides Germany. BYD is the leading electric car manufacturer in the world.



Hungary to become battery producing superpower

The most diversified and one of the largest manufacturing sectors in Hungary is the electronics sector. The battery industry is also developing rapidly with a planned 300 GWh manufacturing capacity by 2030.



Increasing share of processed food in our exports

Strong food industry with continuous reinvestments with focus on corn, sunflower and meat processing, soft drinks and pet food manufacturing.



Other key sectors in manufacturing include the chemical industry, machinery & equipment manufacturing and pharmaceuticals.

Source: Hungarian Central Statistical Office (HCSO), 2022.

Newcomers 2023



Reinvestments 2023

Newcomers 2023: Benepack, MAGNA, JIECANG, CATL, NIPPON PAPER GROUP, BYD, 双环传动 (SHUANGHUAN COMPANY).

Reinvestments 2023: BOSCH, BORGWARNER, aiMotive™, DANA, SAMSUNG SDI, SAMSUNG, STADLER, GENESYS™, HOWMET, Continental, Mercedes-Benz, Suzuki, LEGO, HANON SYSTEMS, thyssenkrupp, DENSO.

Investment landscape

Established value chain across e-mobility

 Expansion or new investment
 In operation



CAR & ENGINE PRODUCTION; TECHNOLOGY CENTER; TOOL MANUFACTURING
Audi
 Győr
 👤 ~12,000

Engine production
Fiat
 Szentgotthárd
 👤 ~800

ENGINEERING; ELECTR.; STEERING, BODY SYST.
BOSCH
 Budap., Eger, Maklár, Miskolc
 👤 ~18,000

ENGINEERING; RUBBERY.; ELECTRONICS
Continental
 Budap., Debr, Veszp., Szeged, Nyíregyháza,
 👤 ~7,300

STEERING, CAMSHAFTS; SPRINGS STABIL.
thyssenkrupp
 Budap., Jászfényszaru
 👤 ~3,000

INTERIOR, DASHBOARD
VF
 Pápa
 👤 ~1,800

Battery cell
 Komárom, Ivánca
 👤 1,400+2,500

Vehicle production
Mercedes
 Kecskemét
 👤 ~4,900

Battery cell
 Göd
 👤 3,200

Vehicle production
Suzuki
 Esztergom
 👤 ~2,950

Vehicle production
BMW
 Debrecen
 👤 ~1,000+

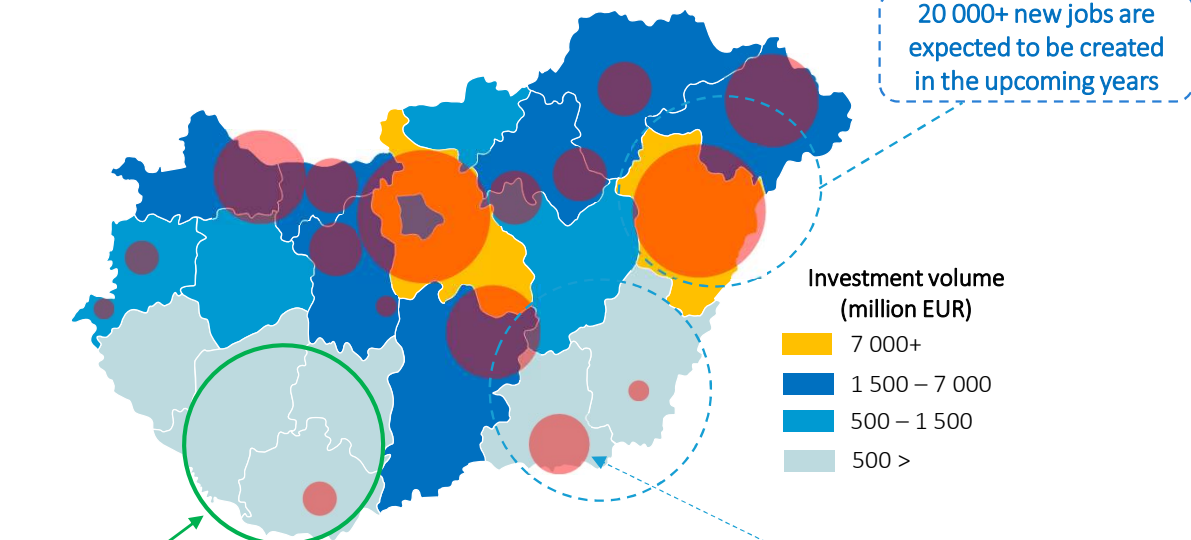
Battery cell
CATL
 Debrecen
 👤 ~9,000

Battery cell
EVE
 Debrecen
 👤 ~1,000+

Cathode
EcoPro BM
 Debrecen
 👤 ~600

Separator film
SCOPE
 Nyíregyháza
 👤 ~1,200

● ● ● Volume of current and/or expected labor demand



20 000+ new jobs are expected to be created in the upcoming years

High potential in the Southwest region

BYD made the decision in favor of Szeged for its first European e-car factory

Cathode
HUAYOU
 Ács
 👤 ~900

STRUCTURAL ELEMENTS
MAGNA
 Vecsés
 👤 ~300

Vehicle production
BYD
 Szeged
 👤 3,000+

Battery assembly
BYD
 Fót
 👤 ~100

Battery cell
SUNWODA
 Nyíregyháza
 👤 ~1,000+

HIPA economic development strategy

New focus and targets in the investment promotion



High value added production segments, R&D projects, complex BSC, pharmacy, biotech



Technology intensive, state-of-art technology, advanced manufacturing, software development, ICT



Supporting the atomization and digitalization of the already existing production capacity



Automotive and battery industry, well developed ecosystem – R&D, ADAS, AI focus

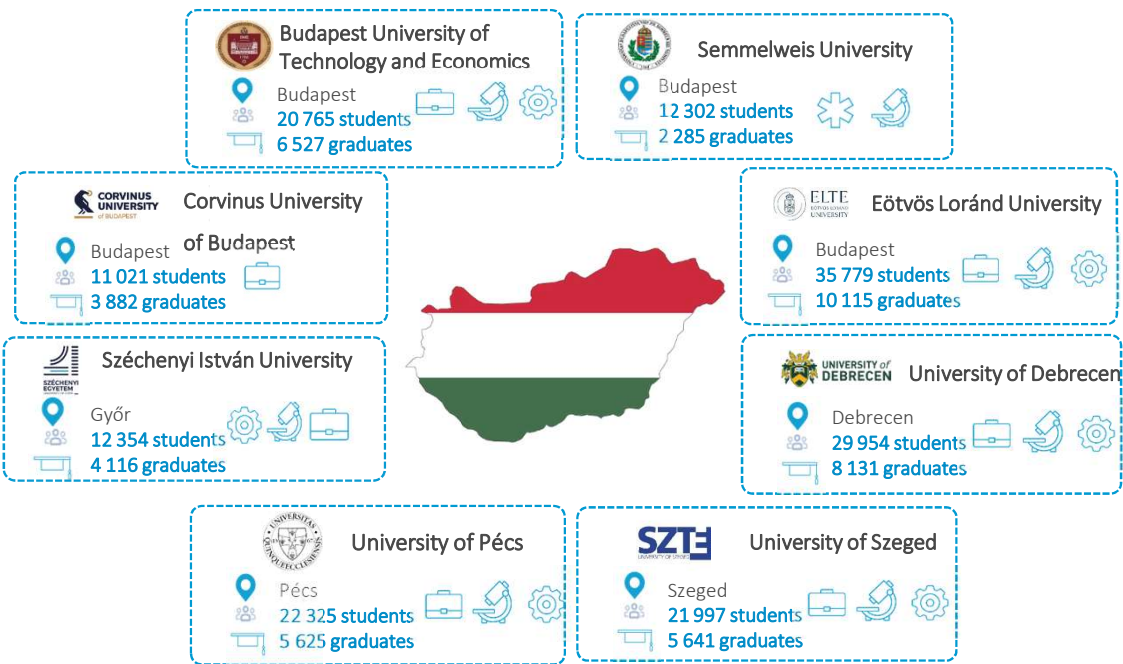


Emerging industries: PV, wind turbine, geothermal, software development, AI

Education and workforce

World class education with competitive labour cost

Global player in the higher education with TOP 500 universities



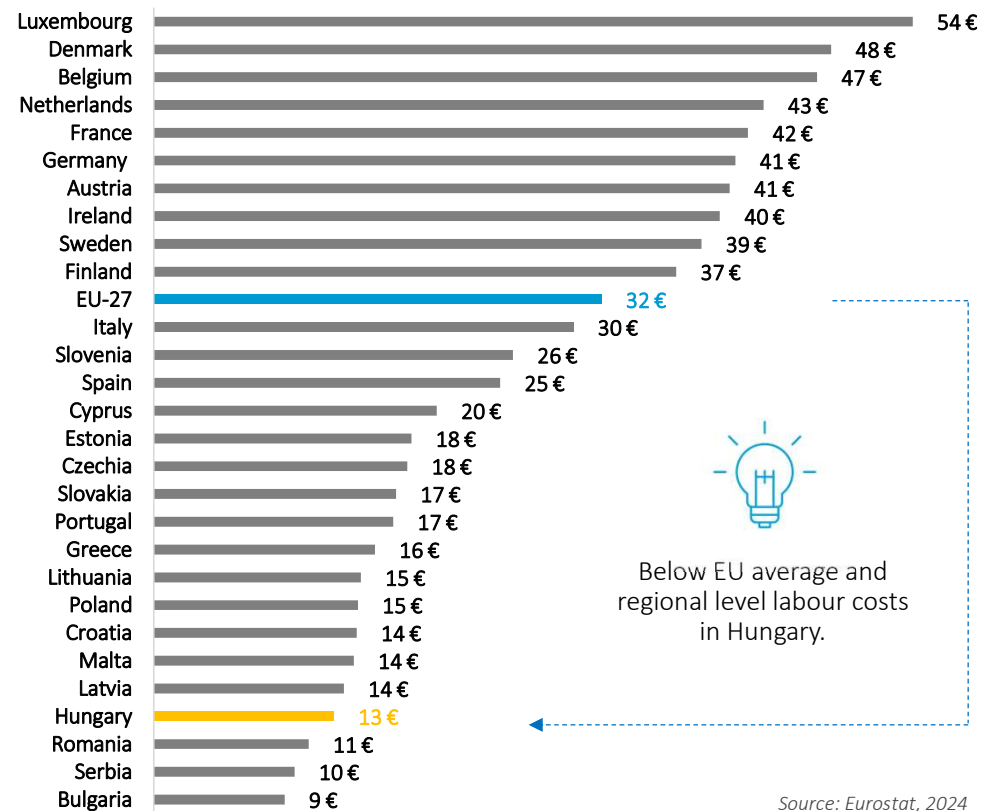
Fields of study

- Engineering
- Natural Sciences
- Business and Law
- Medical Sciences

Dual education: close cooperation with the corporate sector
 R&D focus
 Large number of international students

Labour cost level in Europe (EUR, 2023)

! Hungary offers competitive hourly labour costs below the EU average



Below EU average and regional level labour costs in Hungary.

Source: Eurostat, 2024

Thank you for your attention!

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