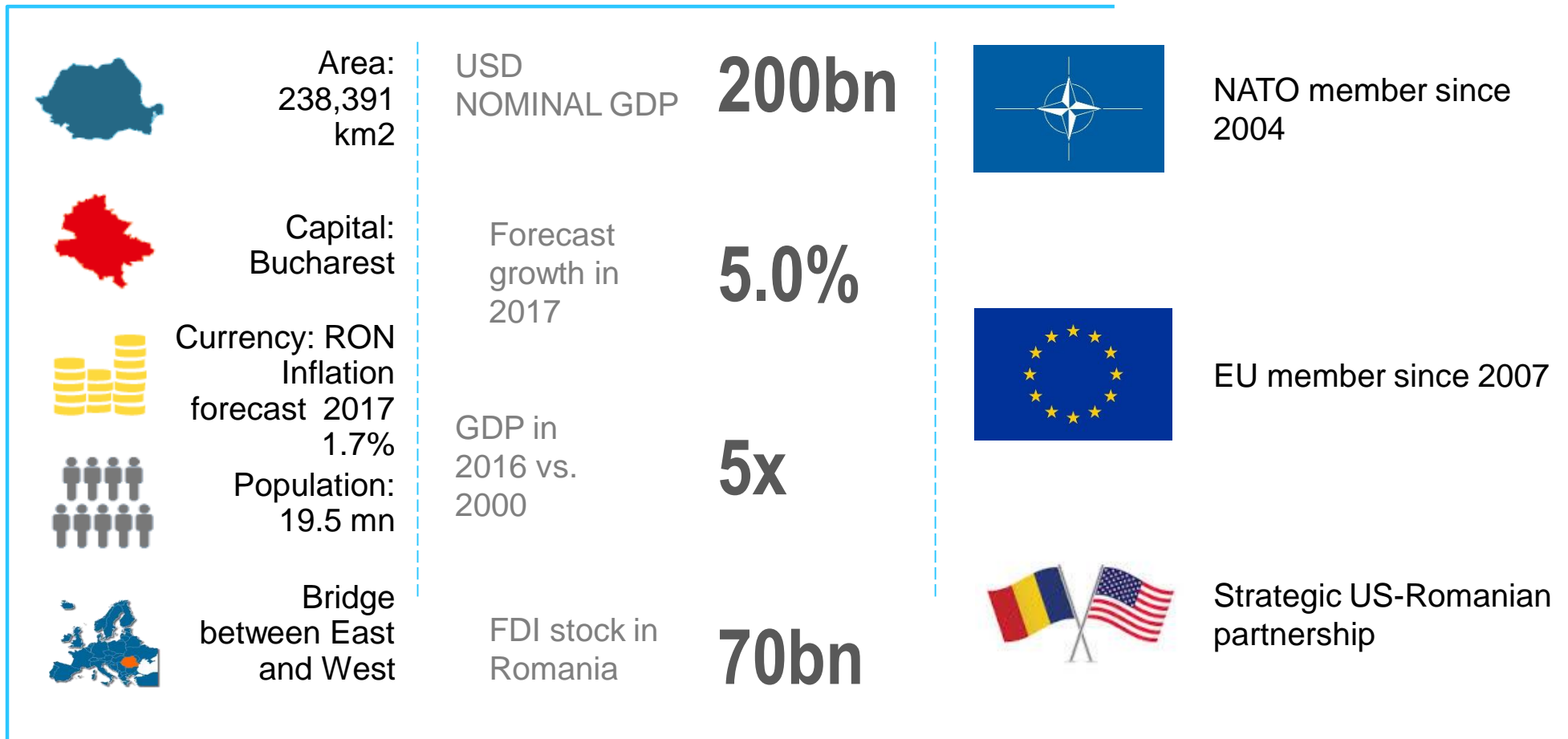


Romania – A Strategic Choice

Fukuoka, 12 December 2016

Minami-Azabu, Tokyo 13 Dec. 2016

Romania – a strategic investment destination



Why invest in Romania?

Highly qualified workforce

Total number of university students enrolled	600,000
Global ranking in Math, Science, IT Olympiads	Top 10
Human Capital Index Rank among middle-income countries	3
Number of IT graduates by 2018	100,000
Participation of women in science and engineering compared to EU-27 avg.	53% vs 38% 30% vs 25%

“Romania’s workforce improved alongside our business. We started manufacturing simple items, now we are designing them” – German automotive investor

Source: The current situation of gender equality in Romania – Country Profile 2012

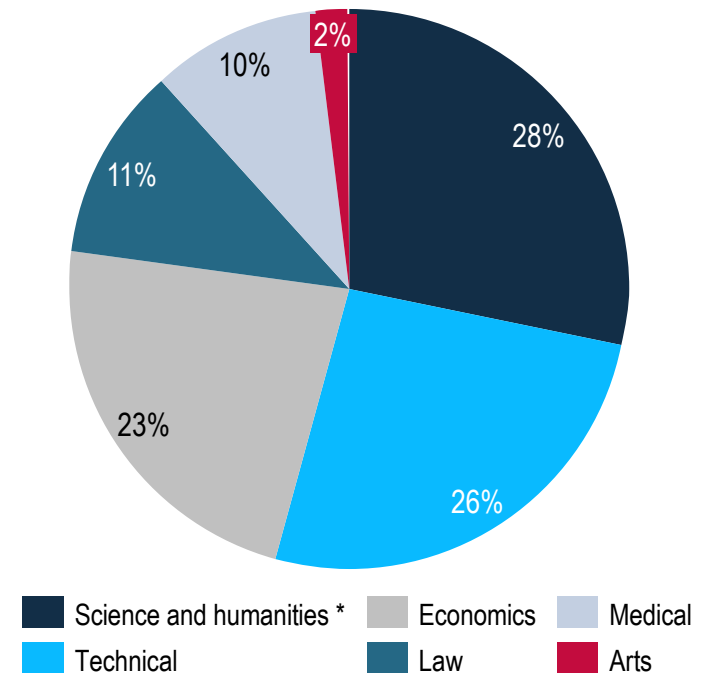
Why invest in Romania?

There are over 100 universities in Romania, with approximately 100.000 graduates every year in a wide variety of subjects

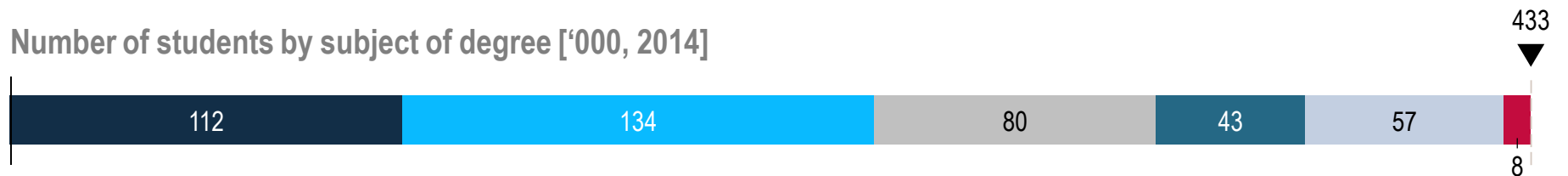
University centers in Romania



Share of graduates by subject of degree [2015]



Number of students by subject of degree ['000, 2014]



* Includes: mathematics, physics, biology, chemistry, geography, journalism, history, political and administrative science, philosophy

Why invest in Romania?

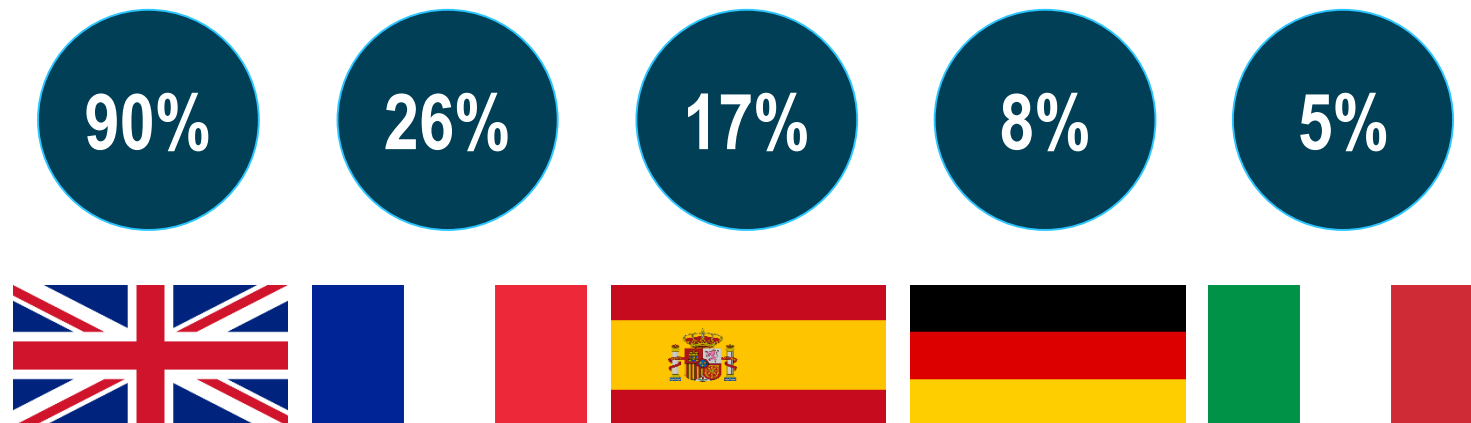
9 out of 10 university students are proficient in English, as a result of the fact that almost all students study 2 languages in high school

Languages studied by Romanian students [2014]

97%

- 97% of Romanian high school students study 2 or more foreign languages while in secondary education
- The predominant languages are English, French, German and Spanish, yet initiatives for teaching Japanese, Nordic languages or the entire Latin language family (Spanish, Italian, French) exist

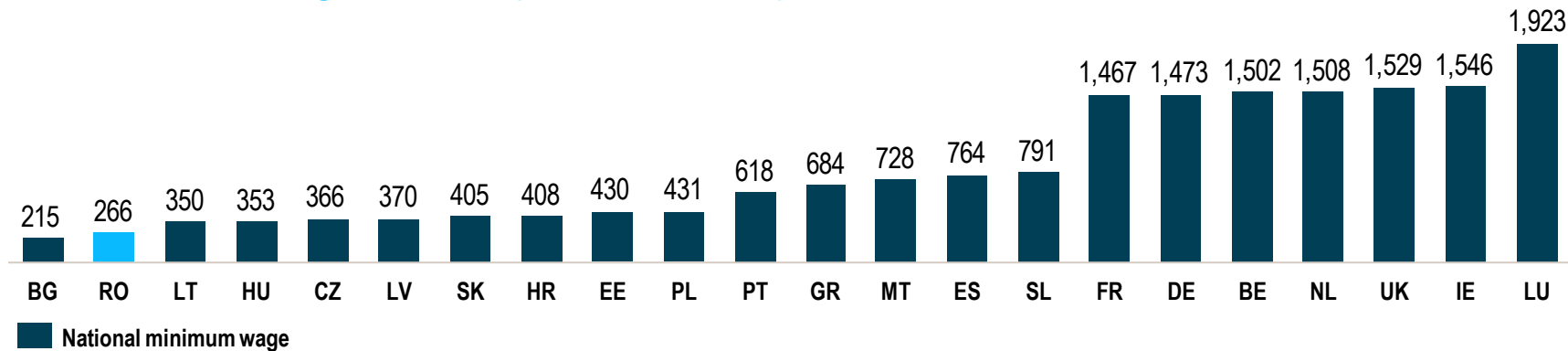
University students in Romania are proficient in [% of total]:



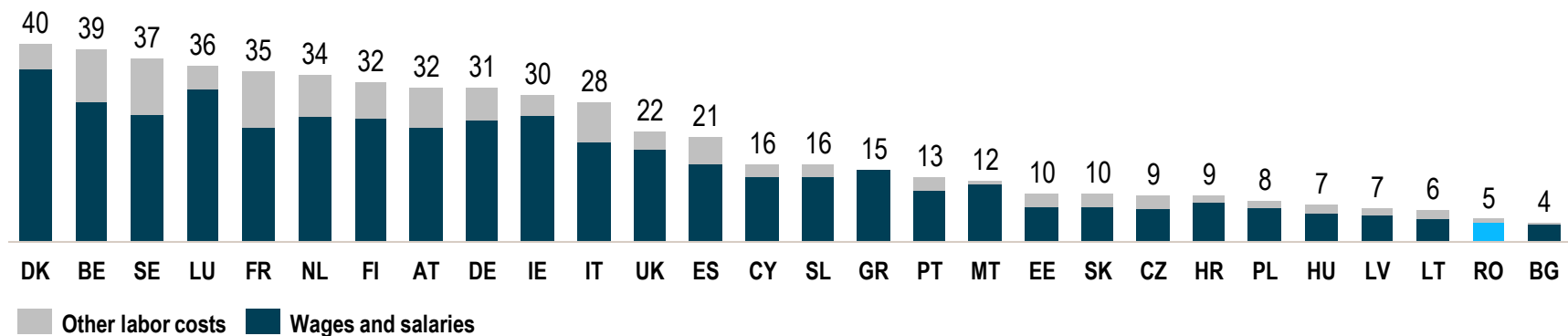
Why invest in Romania?

Highly competitive labor cost

National minimum wages in the EU (EUR/ month, 2016)*



Estimated average hourly labor costs (EUR/ h, 2014)**



* Denmark, Italy, Cyprus, Austria and Finland have not implemented a national minimum wage; ** Enterprises with 10 or more employees

Why invest in Romania?

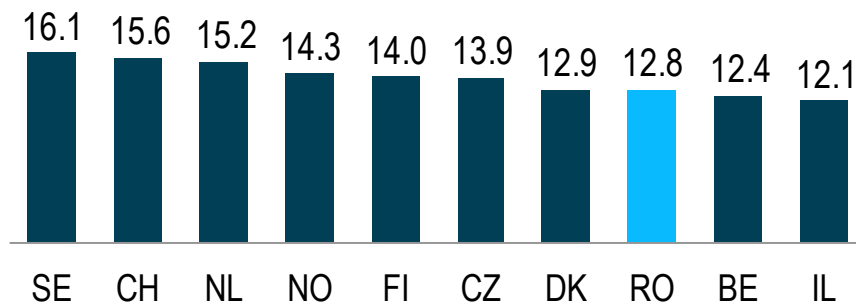
Employees in Romania can have the same standard of living as abroad for less than 1/3rd of the pay

	BUCHAREST vs. BERLIN	BUCHAREST vs. LONDON
Consumer Prices	• 41% lower in Bucharest	• 57% lower in Bucharest
Rent Prices	• 56% lower in Bucharest	• 86% lower in Bucharest
Restaurant Prices	• 38% lower in Bucharest	• 64% lower in Bucharest
Groceries Prices	• 44% lower in Bucharest	• 55% lower in Bucharest
Standard of living equivalency (EUR 1,700 net salary in Bucharest)	• EUR 3,100 net salary in Berlin ensures the same standard of living	• EUR 5,707 net salary in London ensures the same standard of living

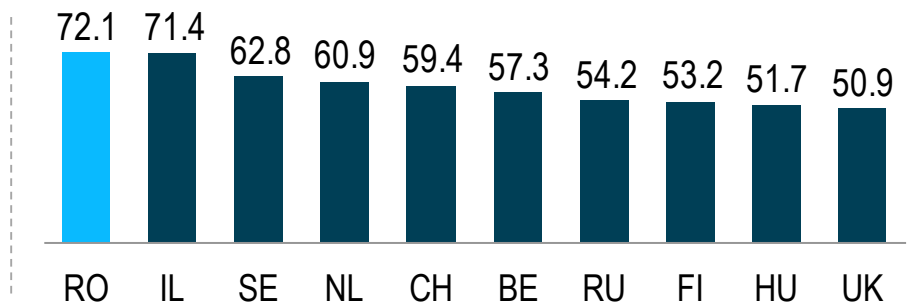
Why invest in Romania?

Highly competitive internet infrastructure

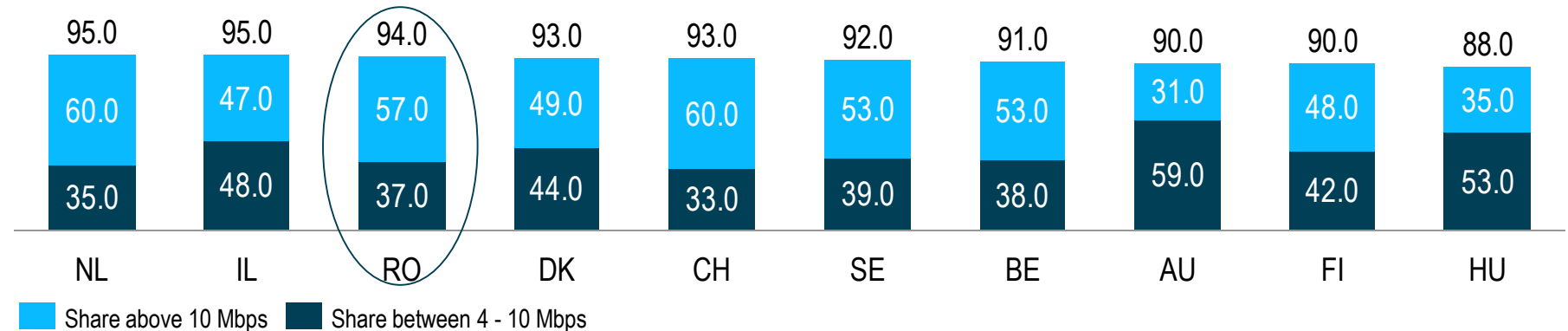
Top 10 EMEA countries by avg. speed (Q2 2015, Mbps)



Top 10 EMEA countries by top speed (Q2 2015, Mbps)



Top 10 EMEA countries by Mbps Broadband adoption (Q2 2015, % > 4 Mbps)

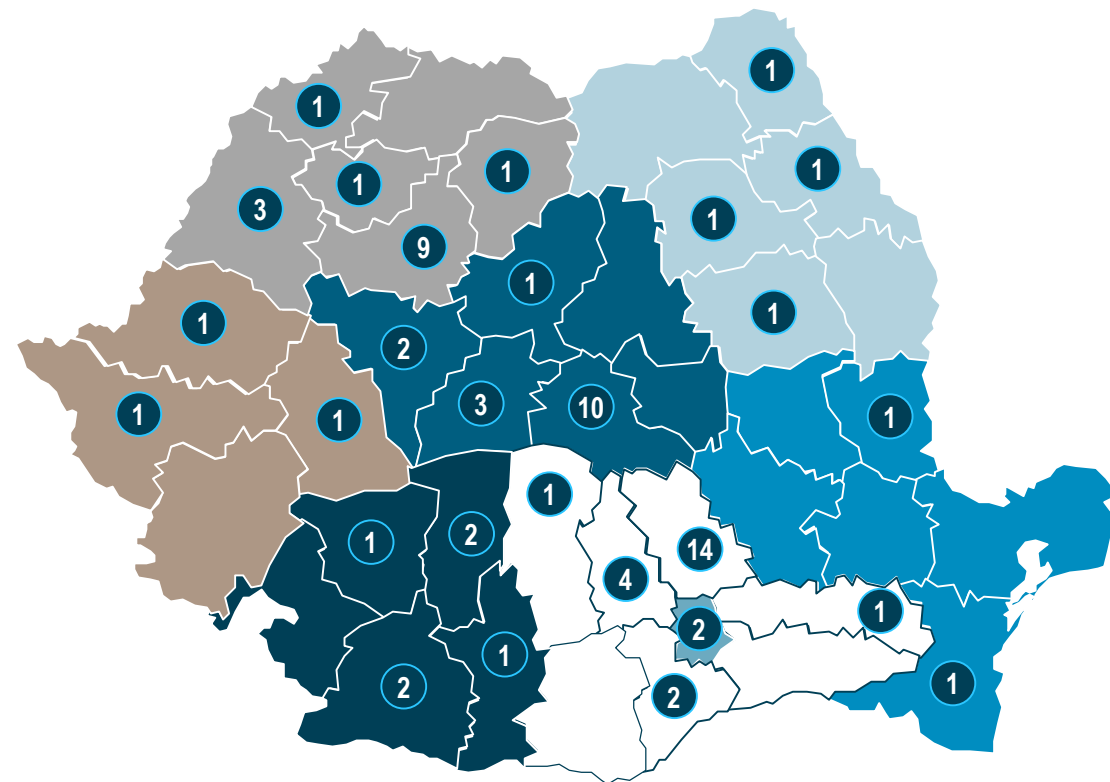


- The internet infrastructure has developed along with the developers, who are leveraging the network to offer high quality outsourcing services, although the focus is now shifting towards product design and, consequently, startups

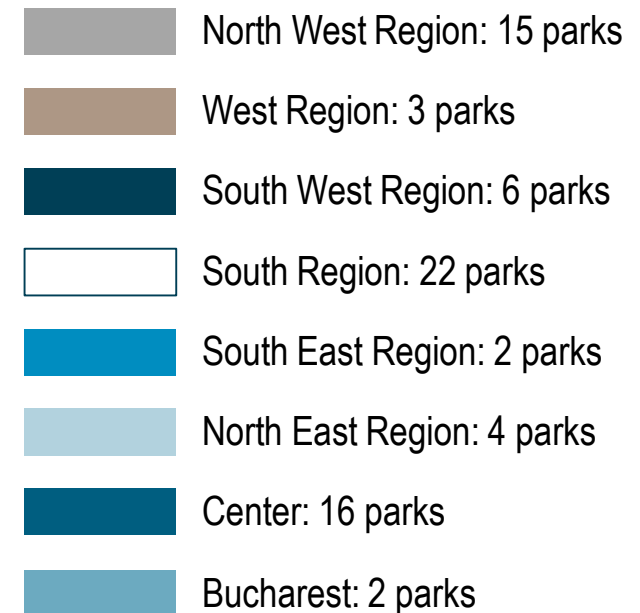
Why invest in Romania?

70 industrial parks offer good infrastructure for growth industries

Industrial parks in Romania



Status at regional level



- There are 70 industrial parks spread across Romania, placed under both private and public ownership
- All offer access to utilities, particular benefits packages according to their focus and potential for synergies
- Also, investors are exempted from land, building and urban planning taxes as well as for land destination changing

Why invest in Romania?

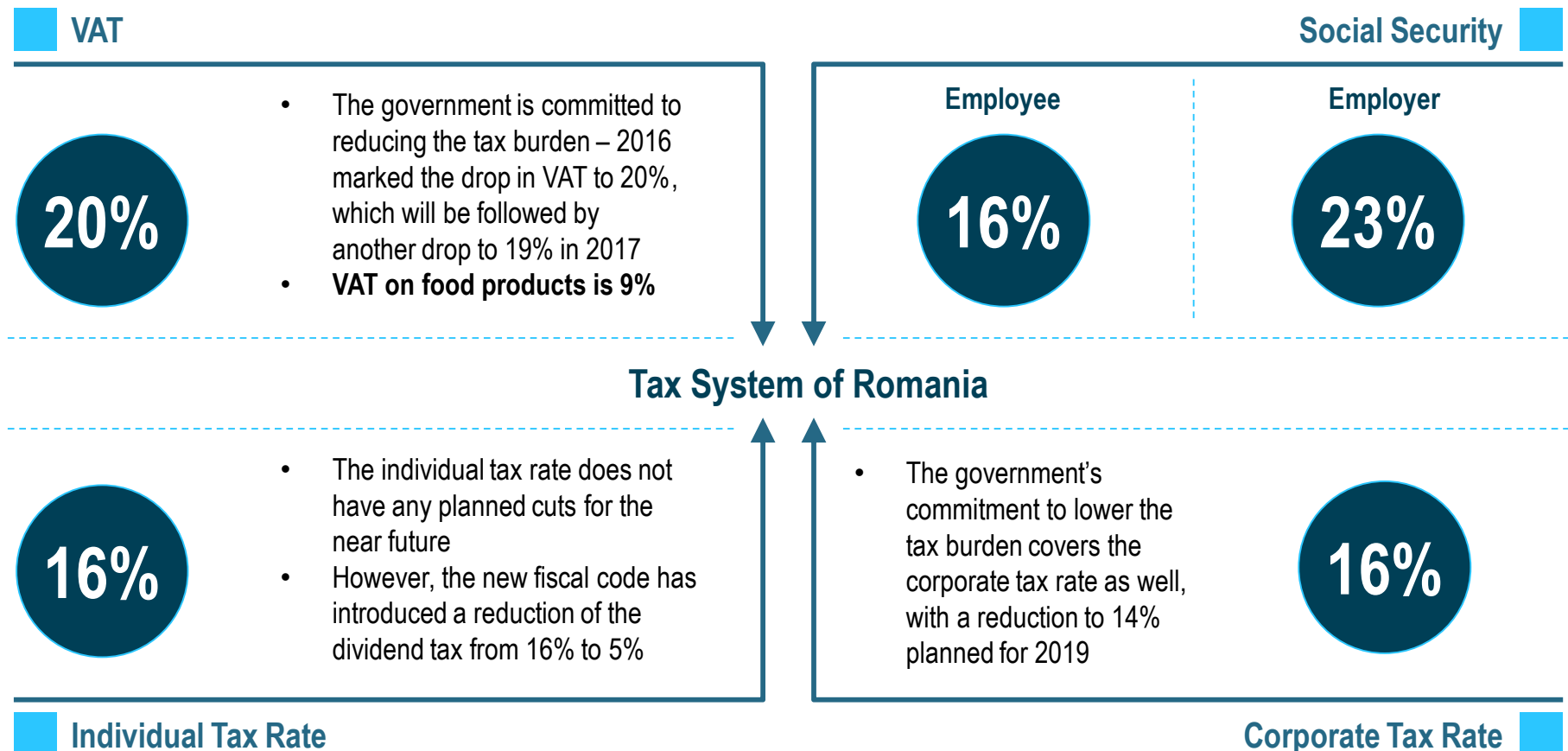
We are well connected to Europe and beyond



Why invest in Romania?

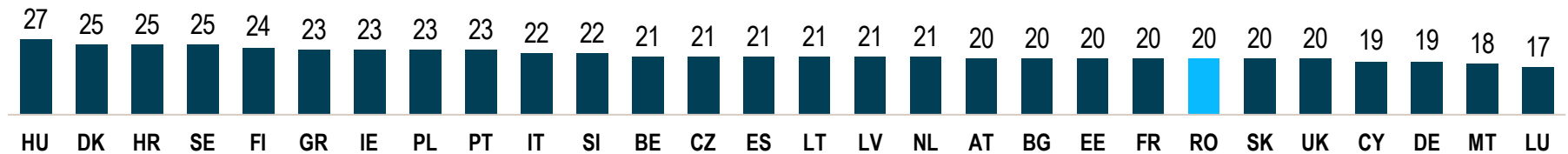
Low taxation compared to European peers

Overview of the Romanian tax system

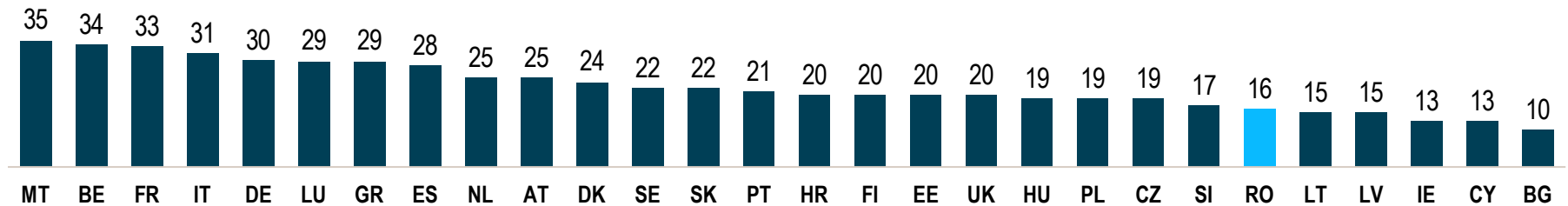


The taxes are some of the lowest in the EU, with planned policies aiming to reduce them even further in the favor of businesses (1)

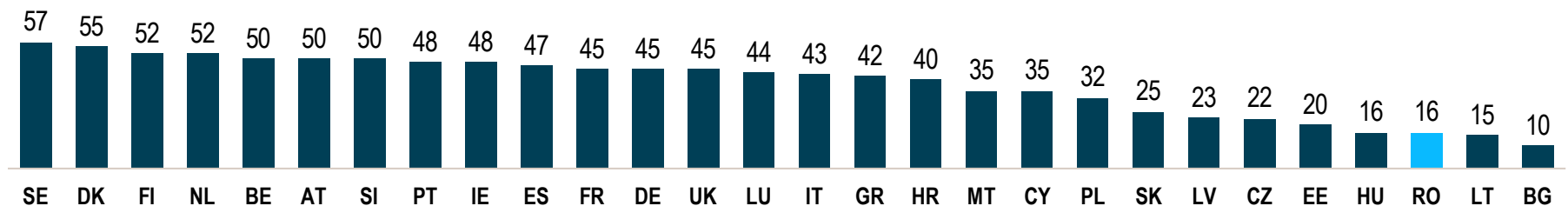
VAT in the EU [2015, %]



Corporate tax rate in the EU [2015, %]

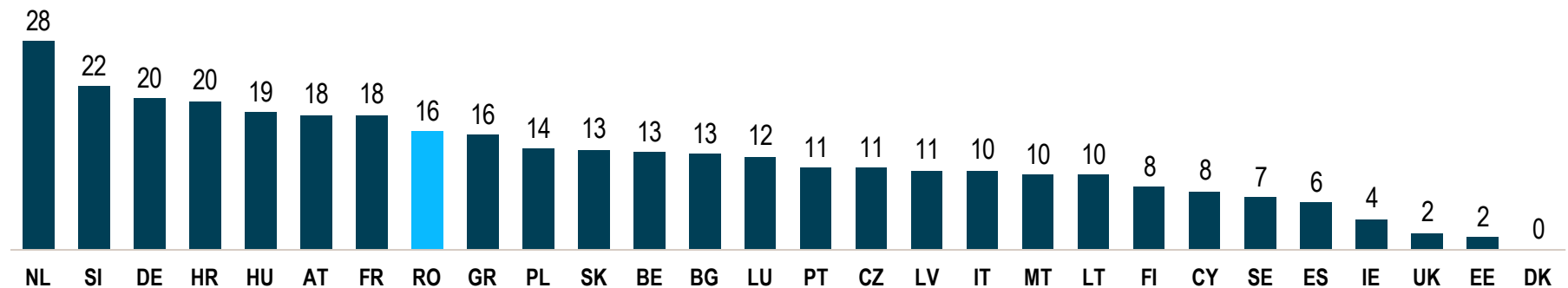


Individual tax rate in the EU [2015, %]

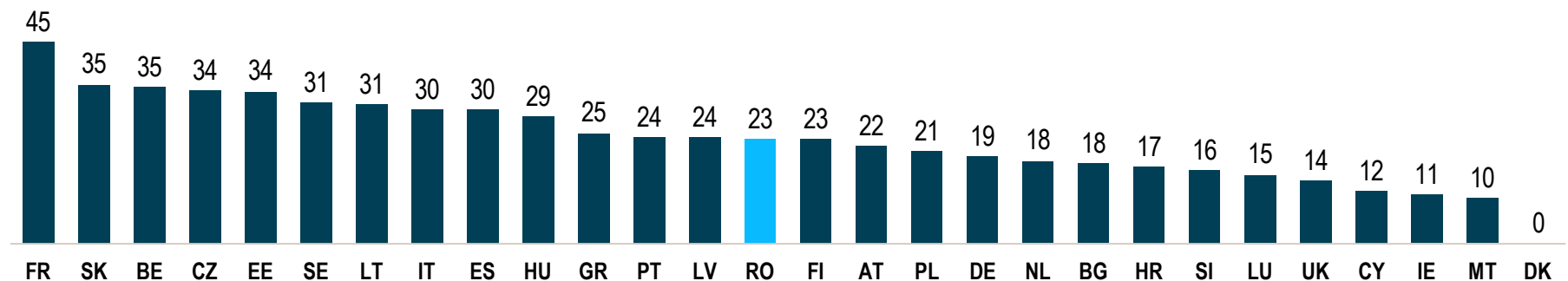


The taxes are some of the lowest in the EU, with planned policies aiming to reduce them even further in the favor of businesses (2)

Employee social security in the EU [2015, %]



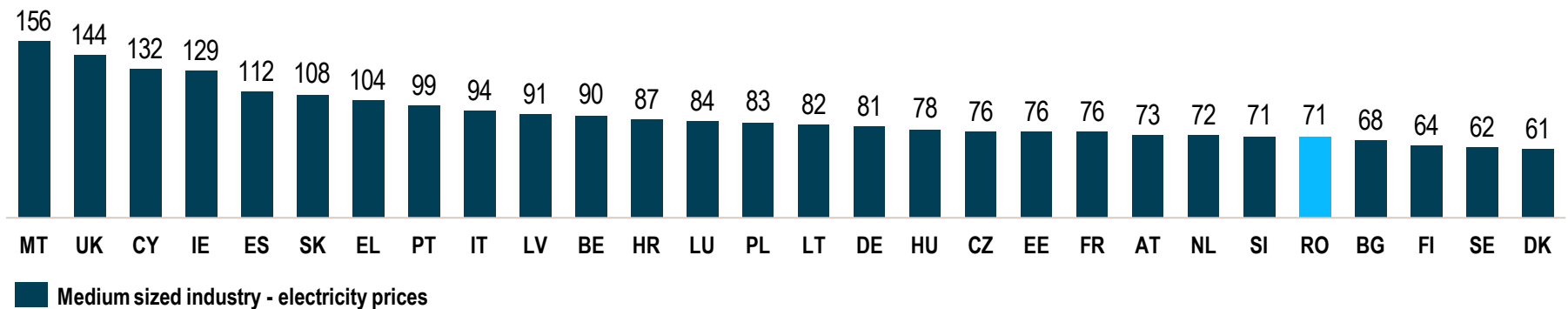
Employer social security in the EU [2015, %]



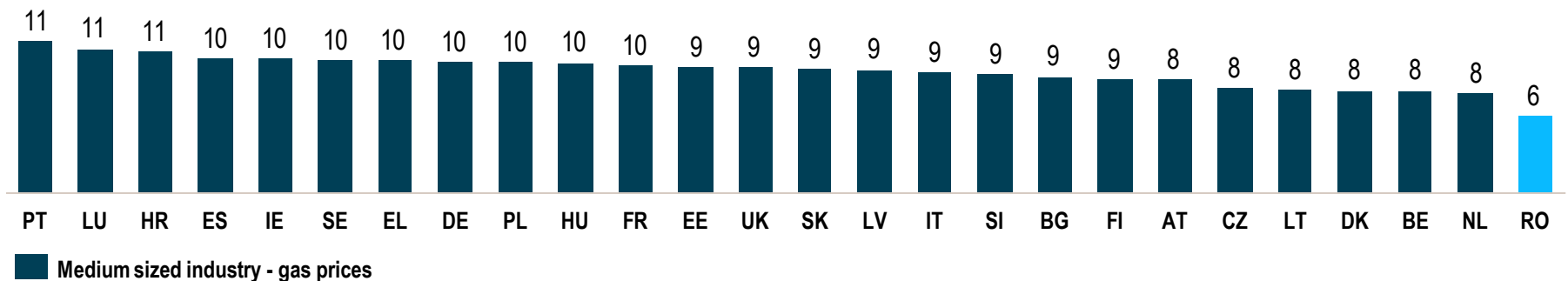
Why invest in Romania?

Romania has some of the lowest energy prices in the EU

Electricity prices in the EU [EUR / 1000 kWh, 2015]



Gas prices in the EU [EUR / gigajoule, 2015]



Why invest in Romania?

Government support through state aid (1/2)

Fiscal incentive

Exemption from profit tax

Short description

- 16% profit tax exemption for the reinvested profit in new technological equipment used for business purposes

Income tax exemption for IT&C employees

- An exemption on the 16% income tax is available in Romania for employees activating in IT, under conditions including:
 - Bachelor's degree in one of the 14 technical specializations available
 - Employee is hired on a software engineer/ programmer/ software analyst position
 - Annual revenue per exempted employee must be over USD 10 000

Deduction of R&D eligible expenses

- Eligible R&D expenses include: depreciation of R&D equipment, salaries for R&D personnel
- 50% of these expenses can be deducted from the taxable income

Accelerated depreciation of machinery, equipment and real estate used for R&D purposes

- A deduction of 50% from the fiscal value of the assets during the first year of use, while the remaining value may be depreciated linearly along the expected remaining lifespan
- Accelerated depreciation can be used also for equipment and/ or for research and development activities
- If a company benefits from exemption of the income tax for reinvestment it will not benefit from accelerated depreciation

Why invest in Romania?

Government support through state aid (2/2)

Fiscal incentive

Foreign tax credit

Short description

- International income derived by Romanian residents is tax exempted under the following conditions:
 - There is a valid tax treaty between Romania and the relevant jurisdiction (from where the income is derived by the Romanian resident)
 - The interested party (taxpayer) can demonstrate that income tax was paid abroad on the respective income
 - The tax credit cannot exceed the Romanian tax applicable for the respective income

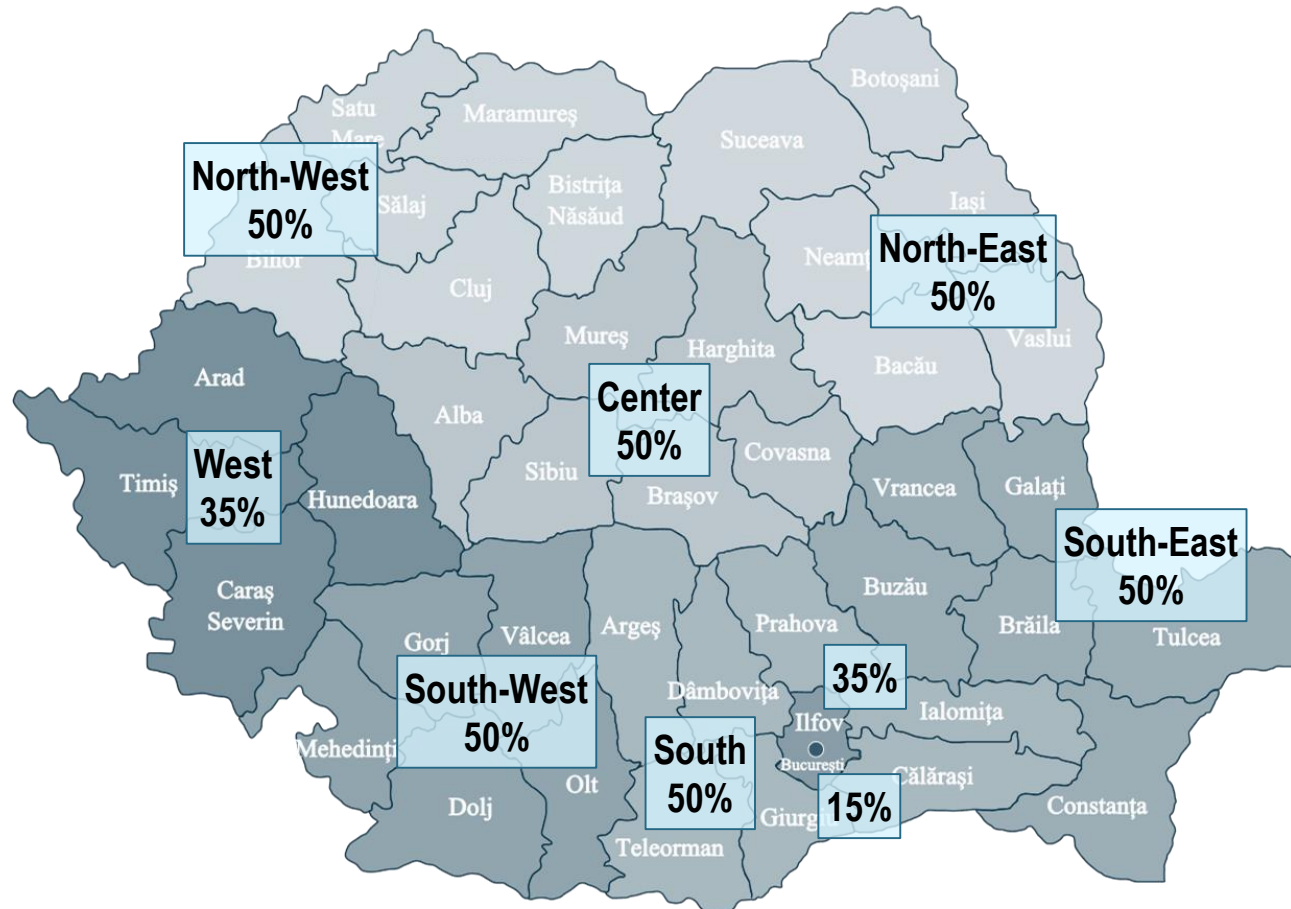
Industrial parks incentives

- Investors that set up manufacturing locations or offices in an industrial, scientific or technological park benefit from
 - Exemption on land, building and urban planning tax
 - Taxes charged for changing land destination

Facilities for people with serious disabilities

- Income received by people with serious disabilities can benefit from income tax exemption (e.g., for salary income, income from freelancing activities)

Government support was raised this year to EUR 145 million from EUR 100 million



State aid intensity, according to development region:

- North West – 50%
- North East – 50%
- South East – 50%
- South – 50%
- South West – 50%
- West – 35%
- Ilfov County – 35%
- Bucharest – 15%

- State aid intensity is established as per EU and national regulations and is subject to change according to EU law on the matter
- Development regions of Romania represent a split of counties into larger regions in order to technically better target development programs and policies

Six priority sectors are expected to grow rapidly

- **IT** – *our enabler to Industry 4.0; the ‘feeder’ to all priority industries*
- **Car manufacturing** – *10% of GDP; 50% of exports; 600 factories*
- **Aerospace** – *tradition based; every new Airbus has a piece made in Romania*
- **Bio-industries** - *what IT is today, Bio-industries will be in 5 years; ingredients in place*
- **Creative Industries** – *where Romania excels internationally; supporting them, we support our identity*
- **Agriculture** – *immense potential for productivity gains; once a European giant*

High tech companies have a significant footprint in Romania, working on helicopters, airplanes, cars or even on the Mars Rover

Key facts for top tech oriented industries in Romania

	INDUSTRY SIZE	KEY PLAYERS	KEY PROJECTS
<p>AEROSPACE</p>	<p>EUR 400M</p>		<ul style="list-style-type: none"> • Airbus Helicopters EUR 15m investment • Sonaca EUR 12m investment • Premium Aerotec EUR 50m investment
<p>IT&C</p>	<p>EUR 3.6B</p>		<ul style="list-style-type: none"> • Siemens software dev. worked on the Mars Rover • Deutsche Bank EUR 40m investment • LiveRail was acquired by Facebook for EUR 600m
<p>AUTOMOTIVE</p>	<p>EUR 18B</p>		<ul style="list-style-type: none"> • Continental EUR 26m investment in R&D center • Daimler EUR 300m investment for gear boxes • Ford EUR 200m investment for production of new model

Why invest in Romania?

A home away from home

Select expats networks in Romania by home country and main originating cities



- Toronto
- Vancouver
- Montreal
- Ottawa



- London
- Birmingham
- Glasgow
- Liverpool



- Rome
- Milan
- Turin
- Genoa



- New Delhi
- Mumbai
- Kolkata
- Bangalore



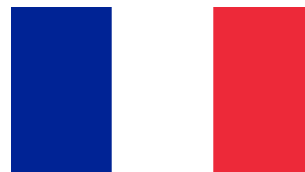
- Warsaw
- Katowice
- Krakow
- Lodz



- New York
- Chicago
- Houston
- Los Angeles



- Berlin
- Hamburg
- Munich
- Cologne



- Paris
- Marseille
- Lyon
- Lille



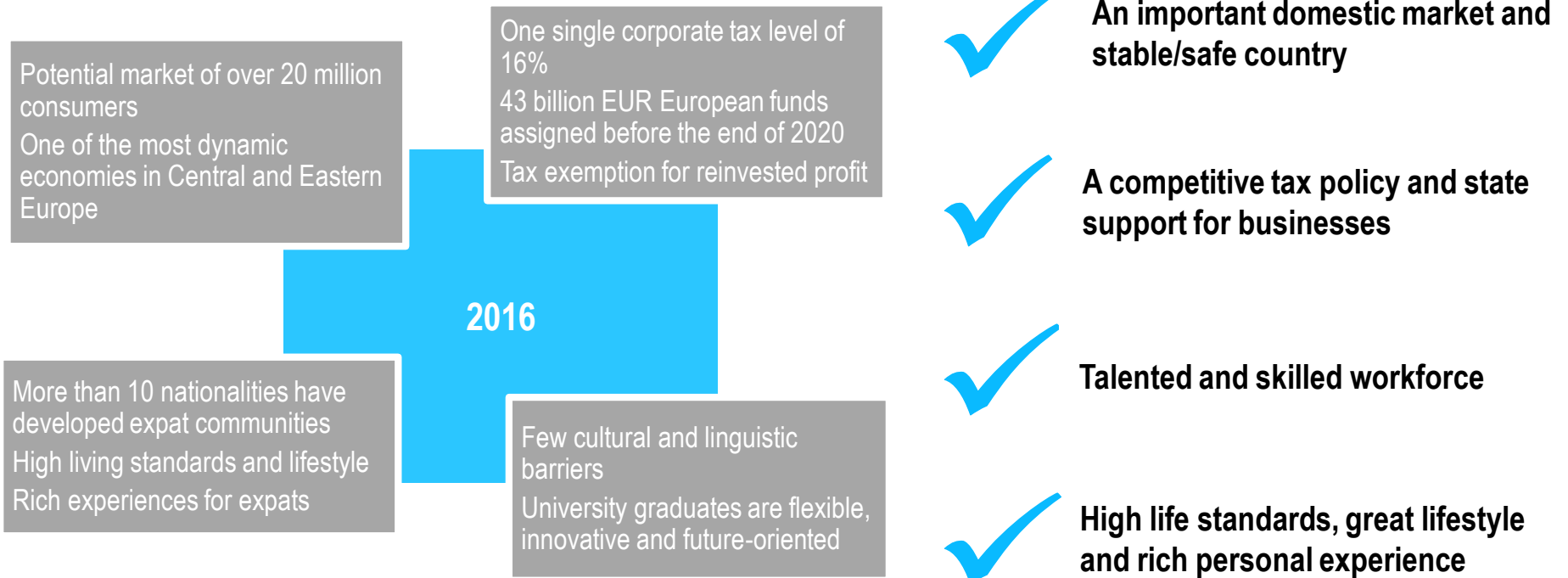
- Madrid
- Barcelona
- Valencia
- Seville



- Amsterdam
- Rotterdam
- The Hague

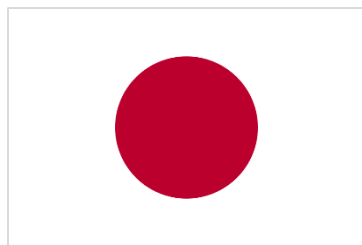
Romania – a stable business climate, great investment opportunities, competitive workforce and outstanding lifestyle options

Investing in Romania



Japanese Investment in Romania

(December 1990 - November 2016)

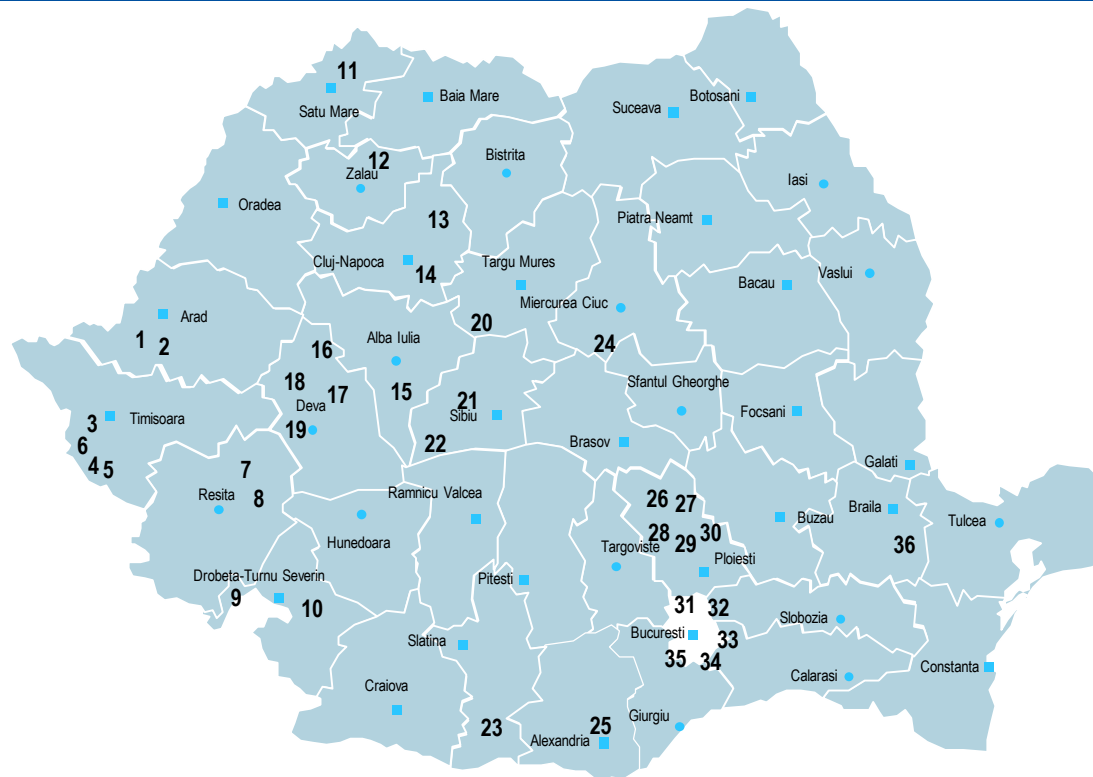


No. of companies	308
% of the total no. of companies	0.14
Subscribed share capital in company with Japanese interest	USD 255,3 mill.
% of the total value of capital	0.45
Ranking	24th

Source: National Office of the Trade Register (ONRC)

The subscribed share capital accounts for only a part of the total FDI. According to ONRC, the country of origin of the investment is the country where the capital comes from and not the country of origin of the transnational company.

Japanese firms operate from multiple production plants in Romania



Takata	(1, 6, 9, 12, 21)
Yazaki	(2, 23, 27, 30, 36)
Koyo	(25)
Flexitech	(28)
Bordnetze	(8, 10)
Makita	(34)
NTN-SNR Ballbearings	(22)
SEWS	(15, 16, 17, 18, 19, 20)
Anvis	(11)
Fujikura	(13, 14)
Sumida	(3, 4)
Technophar	
Equipment and Service	(24, 26)
Plases	(5)
TMD Friction	(7)
Calsonic Kansei	(29)
Nidec ASI	(31)
JT International	
Manufacturing	(32)
Qualicaps	(33)
Alchimex	(34)

Japanese FDI accounts for 0.45% of overall investment with a total number of 283 companies present on the market and a social stock of 247.7 mil \$



Thank you!

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