

GRAH Group
**The way of new
location out of
Slovenia with focus on
Serbia**

March 13th 2014

Robert GRAH, CEO

GRAH
AUTOMOTIVE



- 1 Overview – Grah Group**

- 2 Facts used for decision**

- 3 Advantages location Serbia**

- 4 Disadvantage location Serbia**

- 5 Questions**

GRAH Group - Structure



Robert GRAH (Slovenia)

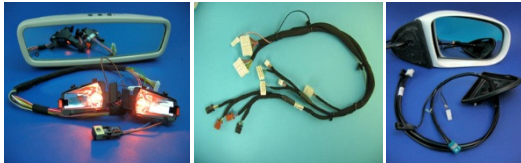
GRAH Group

- establish 1994
- over 1.000 employees
- revenue 2013 € 81,1 mio

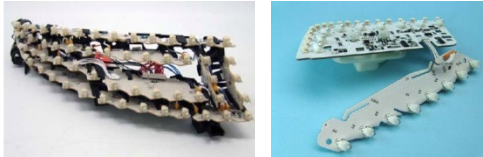
Divisions:

AUTOMOTIVE

- Wire harnesses



- Electronic in rear lamps



- Lamps/Grab handles



LIGHTING

- Street lamps



- Industrial lamps/office lamps



- Yacht lamps / Ambient lights

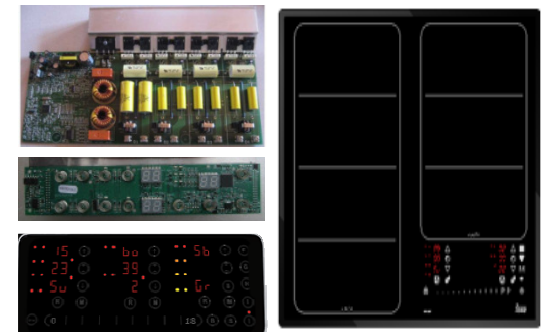


HOME APPLIANCE

- Small home appliance



- Large home appliance





AUTOMOTIVE



SG Automotive d.o.o.

Slovenske Konjice, SLO

GRAH Automotive d.o.o.

Batočina, SER

TECHNOPLAST d.o.o.

Blejska Dobrava, SLO

WIRIC Ltd.

Rochester Hills, MI, USA

LIGHTING



GRAH LED Lighting d.o.o.

Slovenske Konjice, SLO

LEPTON d.o.o.

Sisak, CRO

Eco Street Light Ltd.

Moscow, RUS

MGL

Pittsburgh, USA

JV Union Golf Representation

Abu Dhabi, UAE

HOME APPLIANCE



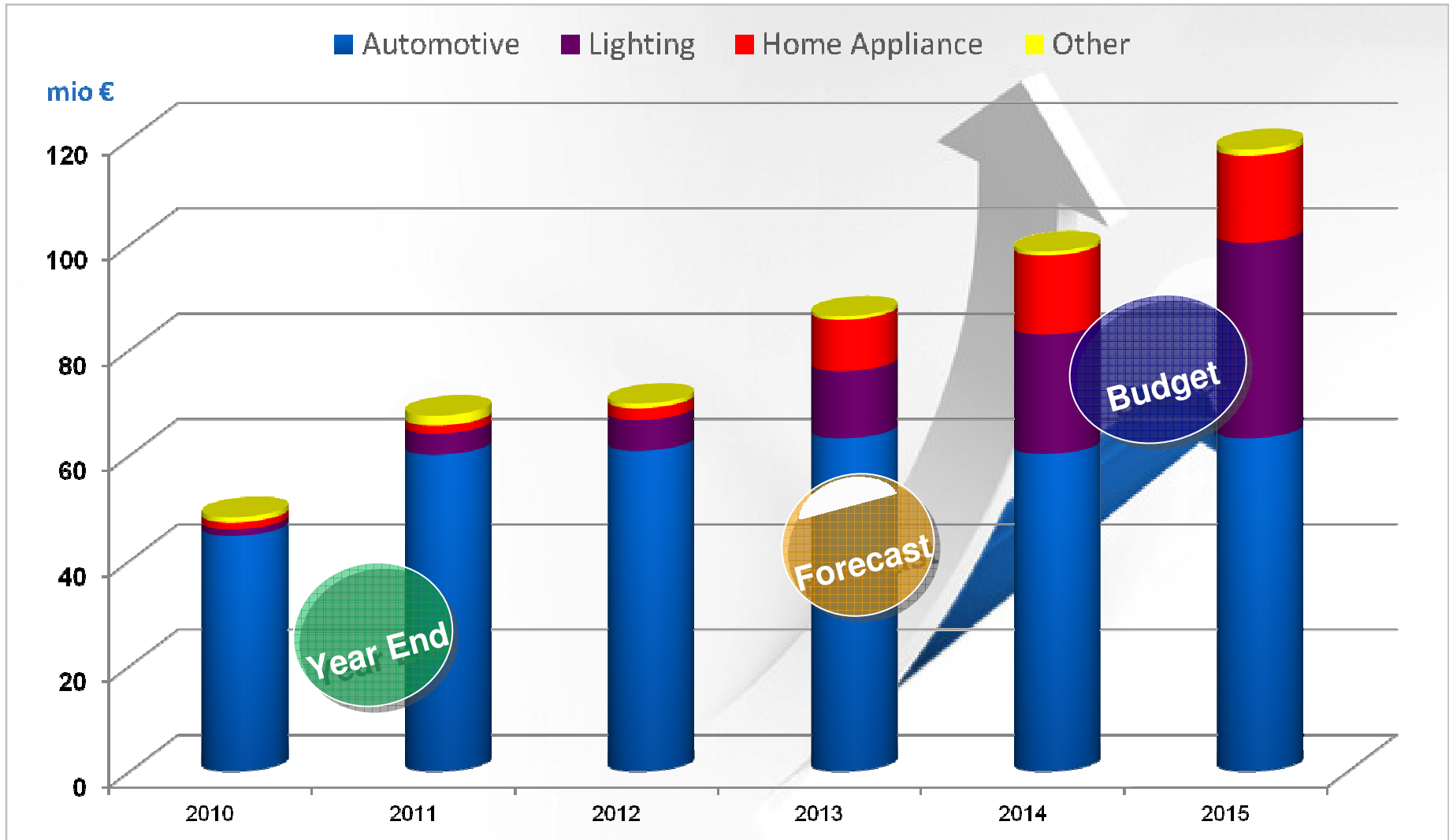
INDUCTECH d.o.o.

Slovenske Konjice, SLO

INDUCTECH France S.A.S.

Metz, FRA

Revenue 2010 - : - 2014





AUTOMOTIVE

- **Wire harnesses** (outside / inside mirrors, sound systems, tail lamps)
- **Electronic** (tail lamp, third brake lamp, turn signal, LED module, side marker, side plate)
- **Plastic** (holder in tail lamp)
- **Assembling parts** (grab handles, interior lamps, trunk lamps, warning blink lamps)

LIGHTING

- **Street lamp** (ME6 .. ME1 Category of the streets)
- **Parking / Retro lamp** (old town lamp, parking)
- **Industrial lamp** (production, warehouse, gas station)
- **Commercial lamp** (office lamps, downlighter)
- **Yach lamp** (underwater, inside lamp)

HOME APPLIANCE

- **Small appliance** (electronic for mixer / blender)
- **Large appliance** (power boards / sliders, induction module)

Certificate with following certificates :



■ ISO/TS 16949:2009

Last update_June 2012



■ ISO 9001:2008

Last update_June 2012



■ ISO 14001:2004

From_May 2012



■ ISO 50001:2011

From_May 2012

CUSTOMER Portfolio



OEM



SYSTEM Suppliers



Present by OEM





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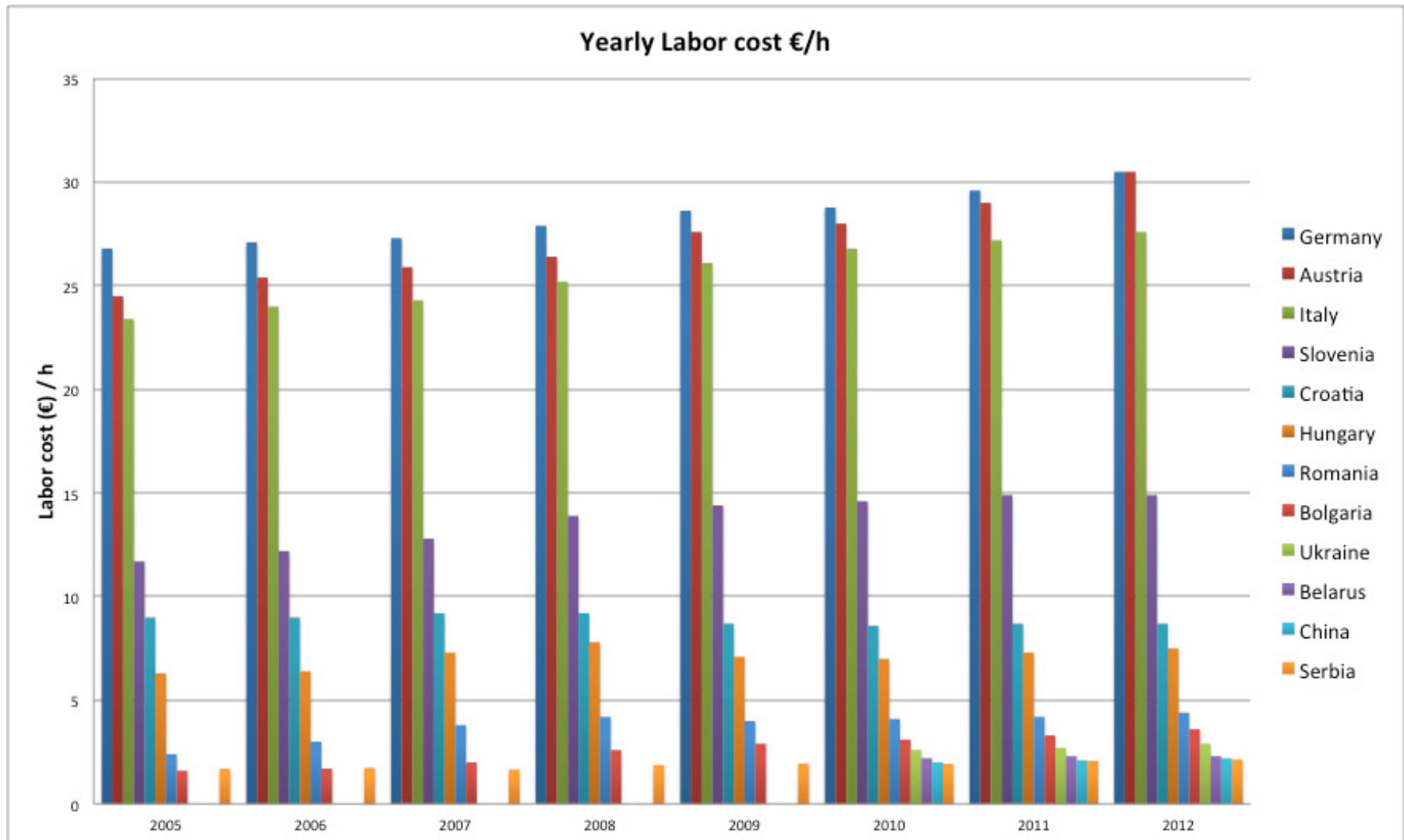
5 Questions

Labor cost in €

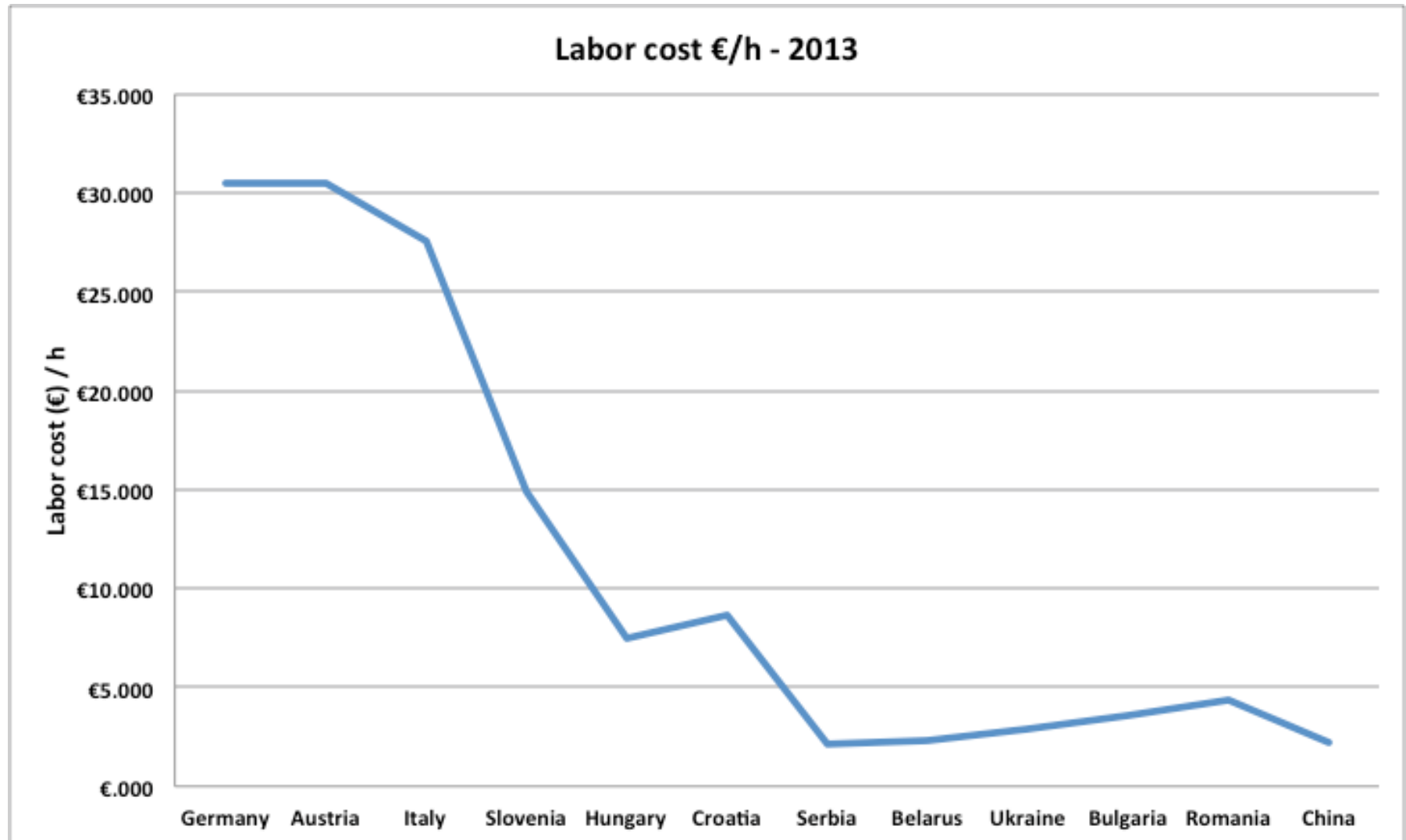


	2005	2006	2007	2008	2009	2010	2011	2012
Germany	26,80	27,10	27,30	27,90	28,62	28,78	29,60	30,50
Austria	24,50	25,40	25,90	26,40	27,60	28,00	29,00	30,50
Italy	23,40	24,00	24,30	25,20	26,10	26,80	27,20	27,60
Slovenia	11,70	12,20	12,80	13,90	14,40	14,60	14,90	14,90
Croatia	9,00	9,00	9,20	9,20	8,70	8,60	8,70	8,70
Hungary	6,30	6,40	7,30	7,80	7,10	7,00	7,30	7,50
Romania	2,40	3,00	3,80	4,20	4,00	4,10	4,20	4,40
Bulgaria	1,60	1,70	2,00	2,60	2,90	3,10	3,30	3,60
Ukraine						2,61	2,75	2,90
Belarus						2,25	2,30	2,30
China						2,05	2,10	2,20
Serbia	1,70	1,74	1,66	1,88	1,95	1,93	2,07	2,14

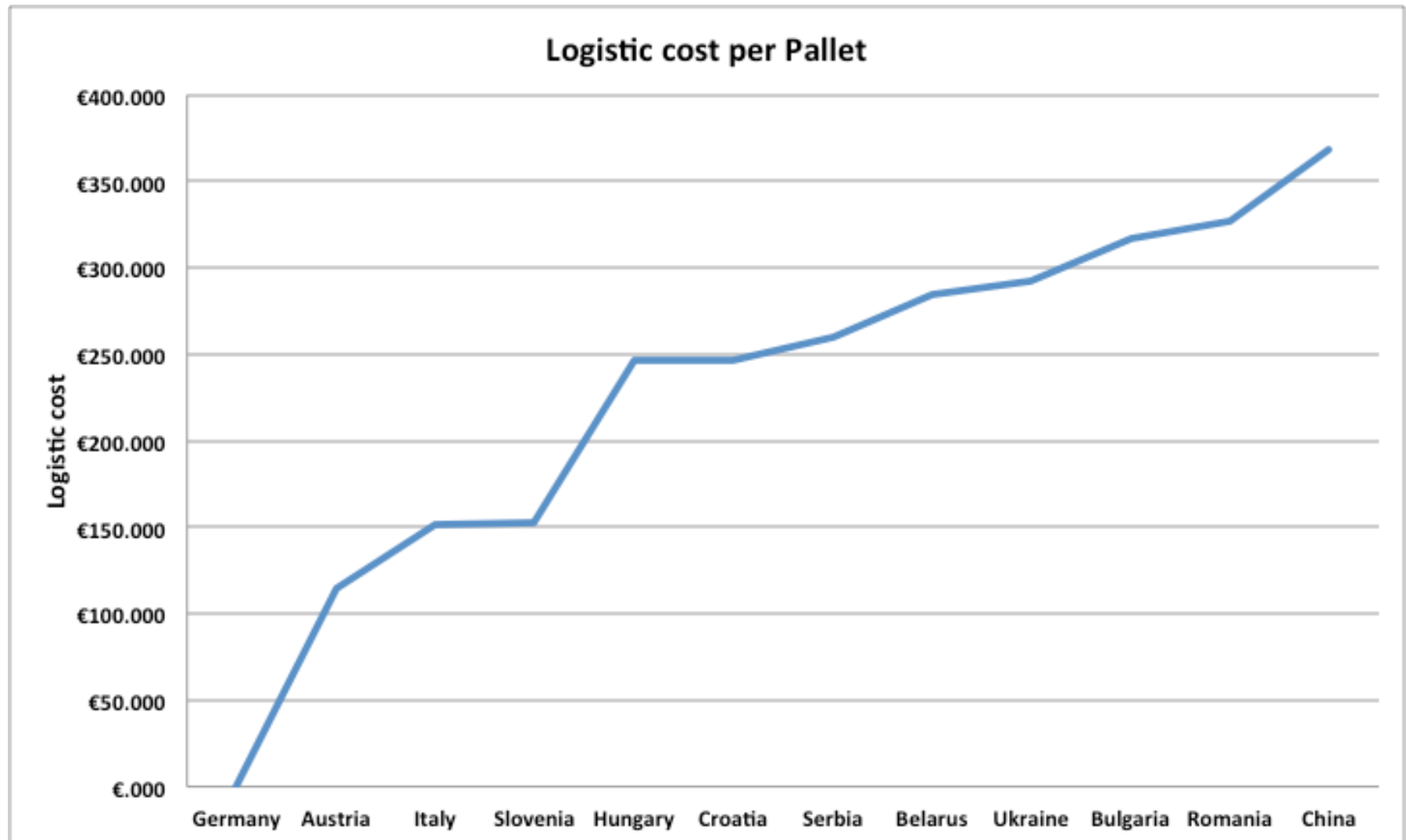
Labor cost



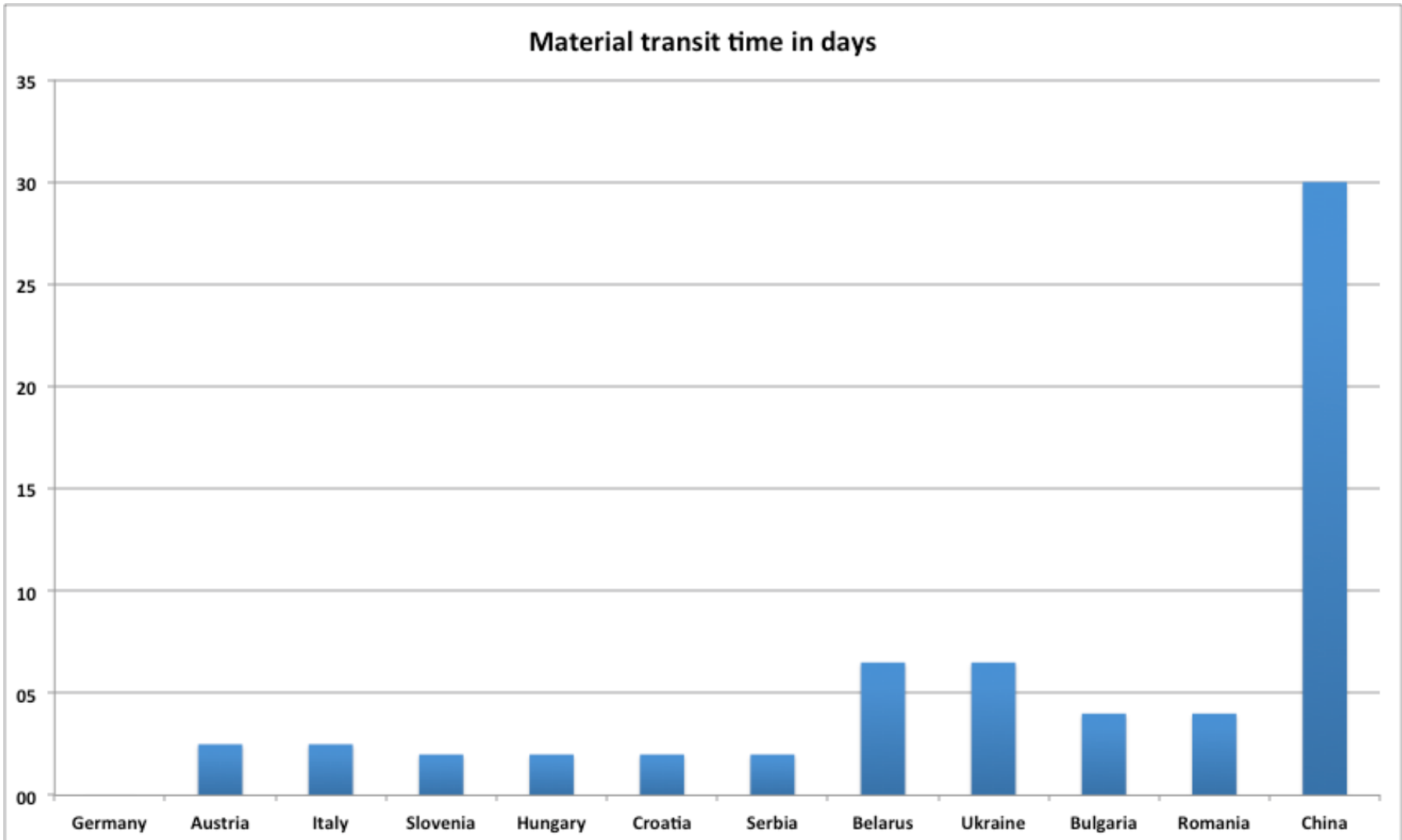
Labor cost -2013



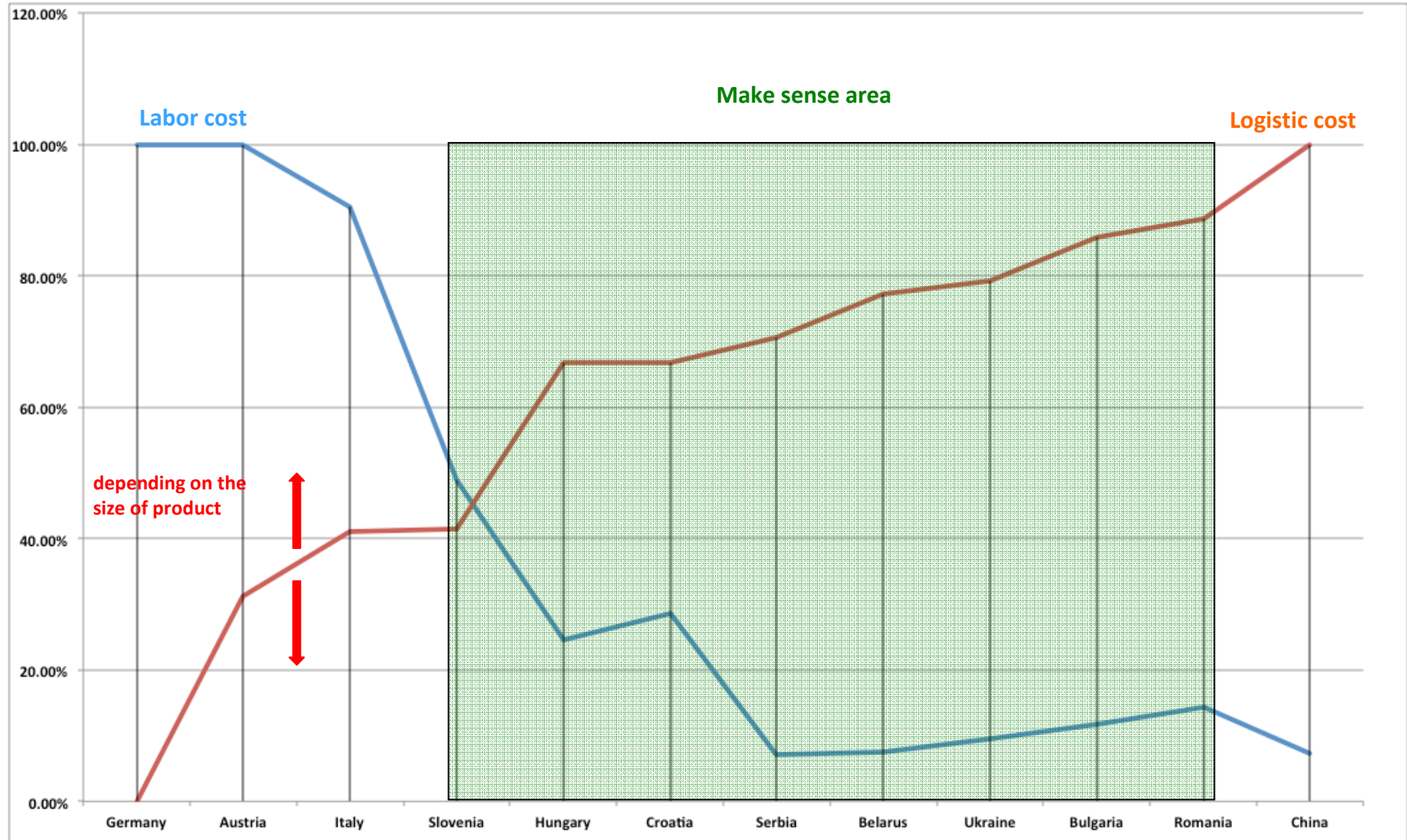
Logistic cost per pallet



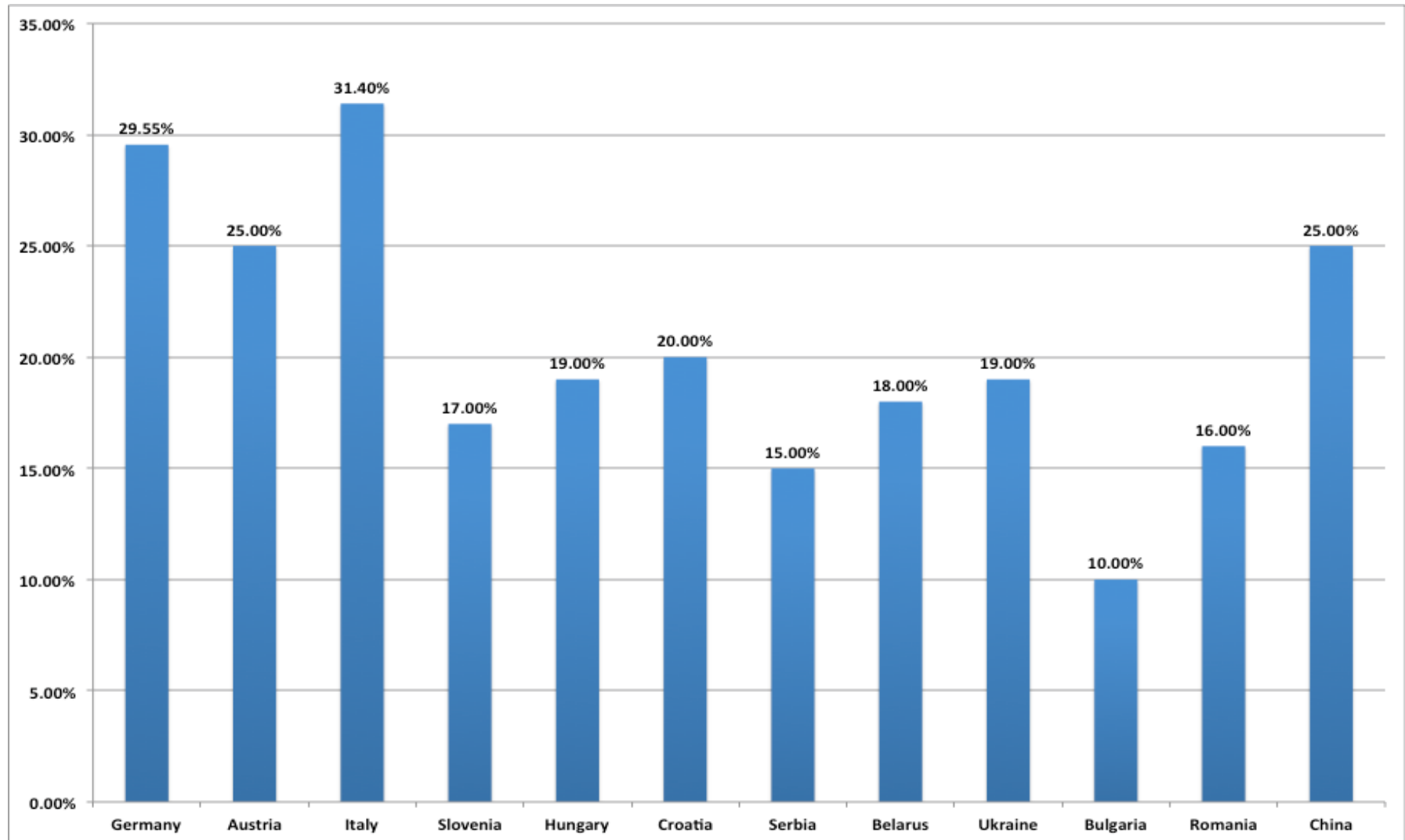
Logistic times



Labor cost & Logistic cost intersection



Corporate Income tax



Source: KPMG – Corporate tax table (<http://www.kpmg.com/global/en/services/tax/tax-tools-and-resources/pages/corporate-tax-rates-table.aspx>)



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Advantage of Serbia



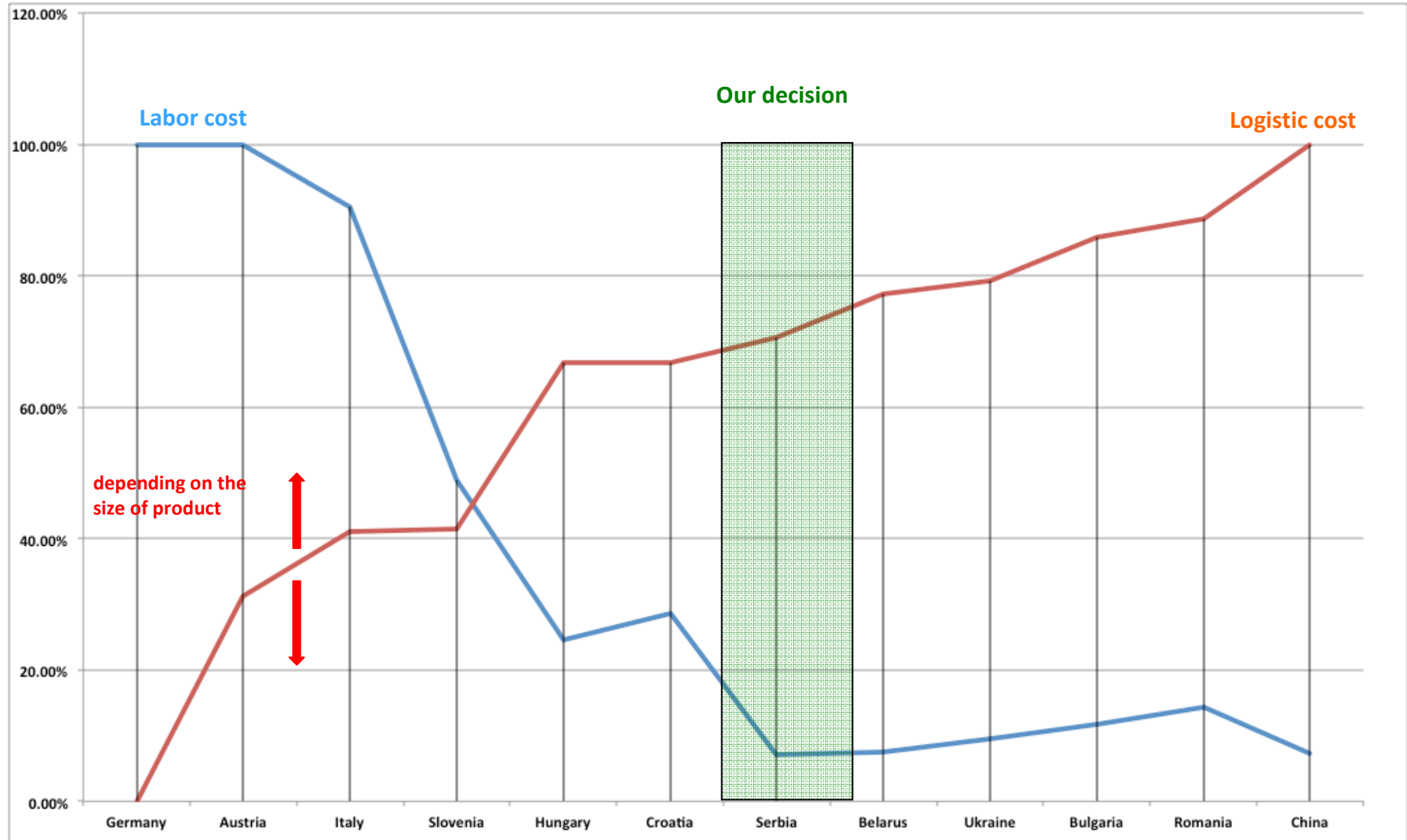
- Labor costs
- Flexible regulation (short times to get permits for construction, work...)
- Income tax reliefs (up to 10 years no income tax for investments higher than 10 Mio EUR - negotiable)
- Workforce is good basic skilled and because of high unemployment rate easy to get (especially engineers and workforce for technical skills)
- Incentives:
 - For every workforce up to 10.000 EUR (depend from area you place the company)
 - Cost of sending workforces to get necessary skills for specific production can be covered
 - Long terms loan (up to 7 years) from Development fund up to 50% of investment with 2 years grace period and interest rate up to 2%
 - Incentives for R&D projects
- Well prepared industrial zones (land cost is negotiable and very often for free)
- Free commercial zone
- Customs in house (no staying of transport on the borders)

Advantage of Serbia



- Big Fiat plant in Kragujevac (around 20 km away from our plant) who has big interest for new suppliers
- Very incentive regulation between Russia, Turkey, Belarus, Moldavia and Kazakhstan (only 1% tax and customs for selling in those countries and opposite as well)
- Energy cost (electricity cost per kWh for 2014 around 0,055 EUR)
- Language (for Slovenians very convenient)
- Transport Infrastructure in very good condition (Highways, roads, trails...)
- Communication infrastructure very good

Labor cost & Logistic cost intersection





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Disadvantage of Serbia



- Not yet EU (could be also advantage)
- Management need to be separately trained
- Services not enough extended yet (for electrical and mechanical works)
- Labor cost in capitol up to 3 times higher than in other regions
- Mentality and working culture need to be trained
- Government is replaced to often



Achievements till today



- 530 employees
- More than 10.000 m² production spaces
- Growth rate 25% yearly
- Already transferred very sophisticated production of electronic assembly
- Certified since 2007 ISO TS 16949
- Expand possibility up to 30.000 m² of production space
- In house customs
- R & D department with Catia and SolidWorks



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**Do You Have
Any Questions?**