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NEWS

International

Delphi to acquire HellermannTyton

Delphi Automotive PLC has reached an agreement on a recommended offer to acquire **HellermannTyton Group PLC**, a global manufacturer of high-performance and innovative cable management solutions, for 480 pence in cash per share, which translates to approximately £1.07 billion of market capitalisation and implies an enterprise value of \$1.85 billion. The transaction is expected to close late in the fourth quarter of 2015, subject to regulatory consents and approvals and approval by HellermannTyton's shareholders. The acquisition expands Delphi's product portfolio within the connected vehicle solutions market and will help capitalise on the connected car megatrend. Upon completion, HellermannTyton will become part of Delphi's Electrical/Electronic Architecture segment. Following the integration of Hellermann Tyton, Delphi believes it will be able to achieve synergies of approximately \$50 million per year by the end of 2018.

Bosch to establish new division for global service solutions

Effective the 1st of January, 2016, **Robert Bosch GmbH** plans to set up a new division, **Bosch Global Service Solutions (SO)**. It will bring together all the internal and external services offered by the company. As well as continuing successful services such as eCall, customer support, and business process outsourcing, SO will also become the comprehensive Bosch-internal provider of shared service functions relating to administration and sales. The division will emerge from the Service Solutions business unit, which is run by **Bosch Sicherheitssysteme GmbH** and headquartered in Frankfurt. At a later date, it is to be carved out as an independent legal entity. The Service Solutions business unit has developed very well in recent years, posting continuous double-digit growth. Worldwide, it creates some 500 new jobs each year. In total, the unit currently employs some 5,000 associates.

Czech Republic

Škoda reports results for the first half of 2015

Škoda Auto a.s.' sales revenue rose over the first half of the year by 7.5 percent to €6.421 billion (first half of 2014: €5.974 billion), exceeding the six-billion-euro mark for the first time in the first half of a year. In the same period, the operating profit reached €522 million (first half of 2014: €425 million). This represents an increase of 22.8 percent. The operating margin reached 8.1 percent compared to 7.1 percent in the first half of 2014. The improvement in earnings was mainly due to mix improvements and the lower cost of materials. Net liquidity reached €2.696 billion. Capital investments amounted to €146 million (January to June 2014: €149 million). Deliveries to customers increased by 4.2 percent to a record high of 544,300 vehicles between January and June.

Hungary

Audi reports significantly higher car production and slight increase of engine output

During the first six months of this year, **Audi Hungária Motor Kft** produced 84,888 cars, up 27.4 percent from like-2014. The company manufactured 45,878 units of the **Audi A3** notchback, 12,523 units of the A3 cabriolet and 18,935 units of the TT. Engine production saw a slight increase of 0.12 percent to 1,067,525 engines. The total figure includes 816,965 units of four- and five-cylinder petrol and diesel engines, 227,952 units of 6-cylinder and 22,608 units of 8 and 10 cylinder engines.

Samvardhana Motherson sets up bumper plant

Indian supplier **Samvardhana Motherson Group** has announced that it will set up a bumper production plant adjacent to the **Mercedes-Benz Manufacturing Hungary Kft** factory in the city of Kecskemét. The company will invest HUF 30 billion in the construction of the facility, which will launch operations in 2017. Around 400-500 workplaces will be created. The company announced in April 2015 that it has received significant business from **Daimler AG** for future Mercedes-Benz models and will create new plants in the USA and Hungary. Another subsidiary of Motherson Group, **Refletec** operates a plant in Mosonszolnok which produces exterior rear view mirrors.

Kazakhstan

Allur Group plans CKD assembly of Peugeot and JAC vehicles

GK Allur Group is preparing a switch of its **Peugeot** assembly from SKD to CKD in 2017, the company said. CKD assembly of Chinese **JAC** vehicles is also to start in 2017. According to Allur Group, the production capacity of the CKD projects is planned so that it can serve exports to Russia.

Allur Group adds assembly of four Hyundai models

GK AllurGroup is adding SKD assembly of four **Hyundai** models at the **AO AgromashHolding** plant in Kostanay. In addition to the Hyundai i30, Elantra and Tucson models, which are assembled by **T00 SaryarkaAvtoProm** since 2014, volume assembly of Hyundai Sonata, Santa Fe, Genesis and Grandeur vehicles is to be launched soon. Pilot vehicles were already assembled. Plans call for the assembly of more than 3,500 Hyundai cars in Kostanay in 2015. In the case of Hyundai, the company is acting as contract assembler for the Kazakh Hyundai distributor **T00 MK Astana Motors**. In the first half of this year Kazakh Hyundai dealers sold 6,637 cars, up 3 percent from like-2014. The best-selling model was the Accent with 4,257 units, followed by Elantra (1,443) and Tucson (525). Astana Motors said that it plans to sell 12,400 Hyundai cars in Kazakhstan this year while it expects the total market of cars sold by authorised dealers to be at the level of 110,000 units.

Allur Group to assemble Iveco Urbanway buses

GK Allur Group plans to launch SKD assembly of **Iveco** Urbanway city buses at the **AO AgromashHolding** plant in Kostanay. As other **Iveco** vehicles, the buses will be assembled at the AgromashHolding site by **T00 SaryarkaAvtoProm**. Plans call for the annual assembly of up to 500 buses. Initially the buses will be destined for the cities Astana and Almaty. Contracts regarding the shipments to the two cities are already signed. SaryarkaAvtoProm already assembles Iveco Power Daily light commercial vehicles and Iveco 682 heavy trucks from parts sourced from China. In the case of the Iveco 682 the company plans to switch from SKD to CKD assembly. It is also preparing the assembly of Iveco Stralis trucks which was originally announced for September 2014.

Poland

GKN launches construction of second plant in Oleśnica

GKN Driveline, a division of **GKN plc**, has started construction of a new 14,280 square metre production facility at its site in Oleśnica, South West Poland. The expansion will create the capability to manufacture a range of Driveline technologies, with a specific focus on increased sideshaft capacity in the country. The phase 1 €16.5 million investment is expected to create about 400 new jobs in a phased plan over the next four years. The facility, which is expected to be completed by April 2016, will supply major car manufacturers in Europe including Russia, such as **Volkswagen, Porsche, Audi, Volvo, Jaguar Land Rover, Daimler** and **FCA**. When phase 1 is fully operational it will have capacity to produce over one million propshafts a year. The new plant is being constructed adjacent to GKN's existing **GKN Driveline Polska Sp. z o.o.** plant in Oleśnica, which produces constant velocity joints (CVJ), and increases the site's overall footprint by over

50 percent. The expansion will also increase GKN's Poland CVJ production capacity to over 10 million units a year. "Oleśnica is one of our most important plants in Europe" said **Helmuth Rohregger**, GKN Driveline President Europe. Currently GKN employs 926 people in Oleśnica. The total territory of the new site allows construction of facilities with up to 35,000 square metres of covered space.

GKN to expand engineering centre in Oleśnica

In addition to the construction of a second plant in Oleśnica, the technical capabilities of the existing engineering centre at **GKN Driveline Polska Sp. z o.o.** also will be expanded as part of a large investment program in GKN's global technology network. "Oleśnica is a perfect location for advanced technology research and development, with outstanding potential engineers and scientists available from excellent local universities" said **Peter Moelgg**, President of Engineering for GKN Automotive. The number of employees at the engineering centre is to be expanded and may reach up to 50 people in the future.

Groclin to produce seat covers for next-generation VW Crafter

Polish supplier **Groclin S.A.** has signed a letter of intent with Volkswagen AG regarding the nomination for the production of seat covers destined for the next-generation **VW Crafter** which will be manufactured in Poland. The contract will be worth €10 million to €12 million over a time period of five to six years. According to Groclin, the company will manufacture seat covers for 40 percent of the Crafter production volume.

Change at the top of BASF

Andreas Gietl, who recently served as Vice President, Business Management Decorative Paints Solutions South America at **BASF S.A.** in São Paulo, Brazil, was named new Executive Director of **BASF Polska Sp. z o.o.** He replaces **Dirk Elvermann**, who returns to BASF's headquarters in Germany.

Poland/Ukraine

Groclin awarded contract for Opel Zafira

Groclin S.A. has received the nomination for the supply of seat covers for the **Opel Zafira**. The contract is worth almost €24 million. The production is to start this September and to run until December 2021. As in the case of the Opel Astra, seat covers for the Zafira will be manufactured at Groclin's plant in Ukraine.

Romania

Federal-Mogul recruits in Ploiești

Federal-Mogul Holdings Corporation is recruiting about 280 new workers for the two plants of its **Federal-Mogul Motorparts** division - an existing plant for brake pads and a future plant for auto wipers - in Ploiești, **Simona Scutaru**, the company's HR Country Manager, told Ziarul Financiar.

Russia

AvtoVAZ reports slight production increase

OAo AvtoVAZ manufactured about 280,000 cars in the first half of 2015, up 1.6 percent from like-2014, the company said in a statement.

PSA to break even in Russia in 2017

PSA Peugeot Citroën plans to remain in Russia and to break even in the country in 2017, the company's CEO **Carlos Tavares** explained to analysts during a conference call connected to first-half earnings.

AvtoVAZ increases prices

OAo AvtoVAZ has increased prices for the models **Lada** Granta, Kalina (excluding Kalina Cross) and 4x4 by 4 percent starting from the 1st of August.

AvtoVAZ shows Lada Vesta Cross wagon

OAo AvtoVAZ has unveiled the prototype of the **Lada** Vesta Cross wagon at a meeting on the use of gas for vehicles in Naberezhnye Chelny, Kolyosa.ru reports. The meeting was attended by three ministers of the federal government as well as other high ranking officials and managers.

MMK increases shipments to automotive industry

OAo Magnitogorsky Metallurgichesky Kombinat (MMK) iron and steel works increased metal shipments to the automotive industry in the first half of 2015 by 20 percent year-on-year to 215,000 tonnes despite the significant decline in Russia's car-making sector. The company underlines that shipments of MMK's cold-rolled products increased within the process of acceptance (approval) of the its automotive sheet by global automotive corporations that have assembly plants in Russia. In the first half of 2015, MMK supplied 6,189 tonnes of metal to these companies, compared to 251 tonnes in the first half of 2014. "Essentially MMK switched from pilot shipments to industrial shipments" of metal to global car brands that have their own assembly facilities in Russia, said MMK's CEO **Pavel Shilyaev**. MMK's capabilities for the production of metal for the automotive industry significantly improved with the commissioning of a cold-rolled products plant (Mill 2000) in 2011-2012. The plant can produce cold-rolled and hot-dip galvanised products that meet the international standards for surface quality, thickness, and it can also apply ferrozinc and phosphate coverings to protect them from corrosion. Thanks to Mill 2000's considerable cold-rolled product production capacities, MMK can produce high-tensile DP, TRIP and CP steel which is need by vehicle manufacturers and suppliers.

Slovakia

PCA Slovakia reports higher production

PCA Slovakia s.r.o. manufactured 165,227 cars in the first half of this year, up 10.5 percent from like-2014. „The positive sentiment on the market lays the groundwork for us to inch closer to producing 300,000 cars during the whole year," the company's spokesman **Peter Švec** told TASR.

Turkey

Nissan takes over distribution activities

Nissan Motor Co. Ltd. has announced that it has bought back 99.3 per cent of all shares of **Nissan Otomotiv A.S.** from **Sumitomo Corp.** The deal is expected to be approved by the Turkish Competition Board soon.

Ukraine

ZAZ to produce 7,000 to 8,000 vehicles this year

Tariel Vasadze, President of **Korporatsya UkrAVTO**, said that he expects production of 7,000 to 8,000 cars at **PAO ZAZ** this year, compared to about 13,000 vehicles manufactured in 2014. According to Vasadze, some 1,200 people are currently working at ZAZ. "But I am afraid that this number will not be saved by the end of the year," he said.

Agricultural and automotive industry to pool forces

Representatives of manufacturers of agricultural machines and of the automotive industry in the Ukraine have signed a Memorandum regarding the establishment of a "Coordination centre for innovative development of domestic agricultural and motor engineering". Members of the coordination centre include **Tariel Vasadze**, Head of the Board of the **UkrAvtoProm** association and President of **Korporatsya UkrAVTO**, **Vladislava Rutitskaya**, Deputy Minister for Agricultural Policy responsible for European integration, **Yaroslav Gadzalo**, President of the National Academy of Agricultural Science, **Mikhail Reznik**, President of the **UkrAvtoProm** association, **Pavel Shtutman**, President of the **UkrAgroMash** association and **Vladimir Kulgavy**, Executive Director of the **Association of Agricultural Engineers**. The target of the coordination centre is to increase synergies between the automotive industry and the agriculture machine industry.

ZAZ may produce parts for agricultural machines

Korporatsya UkrAVTO is considering production of parts for agricultural machines at its **PAO ZAZ** plant in Zaporozhje, **UkrAVTO's** President **Tariel Vasadze** said. "We will not manufacture farm equipment, but (we may manufacture) individual parts," said Vasadze. "There are whopping modern press shops, technological equipment for the production of plastic parts, there is plenty (of equipment), so that we can produce high quality products at a competitive price."

Uzbekistan

GM installs production equipment for Chevrolet Aveo

GM Uzbekistan YoAJ is using the summer break at the plant in Asaka from the 3rd to the 20th of August for the work on the installation of the production equipment for its new model **Chevrolet Aveo (T250)**, said **AK UzAvtoSanoat**. The production launch is scheduled for 2016. According to information published earlier, plans call for the production of 10,000 Aveos in 2016, 25,000 in 2017, 40,000 in 2018 and 45,000 in 2019.

Isuzu buys share in SamAuto

AK UzAvtoSanoat and **Isuzu Motors Ltd.** have reached an agreement on the acquisition of shares in the commercial vehicles manufacturer **OOO Samarkandsky Avtomobilny Zavod (SamAuto)** located in Samarkand. As a result of the agreement, Isuzu will buy 8 percent of SamAuto's shares from UzAvtoSanoat. The state-owned auto industry company UzAvtoSanoat remains SamAuto's largest shareholder with a stake of 58 percent, followed by the **Asaka Bank OAJ** (26 percent), Isuzu (8 percent) and **Itochu Corp.** (8 percent). Both companies also agreed on the further long-term development strategy for SamAuto, including the update and expansion of the model range, increasing of localisation and implementation of new technologies and production processes. Isuzu's Chairman **Susumu Hosoi**, who visited Uzbekistan for the agreement signing and an inspection of the SamAuto plant, was received by Uzbekistan's President **Islam Karimov**. SamAuto and Isuzu signed a technical assistance agreement in January 2007. Since that the company manufactured some 11,500 trucks and 10,200 buses, of that 2,600 trucks and 1,200 buses last year.

SamAuto unveils first CNG bus

OOO Samarkandsky Avtomobilny Zavod (SamAuto) has unveiled a prototype of its first bus with CNG engine during a visit of **Susumi Hosoi**, Chairman of **Isuzu Motors Ltd.**, to the plant in Samarkand. The engine fulfils Euro 4 standard. **SamAuto** already offers locally manufactured **Isuzu** trucks with CNG engines.

NEWS FROM MIDDLE EAST AND AFRICA

Iran

Fabius: Return to Iran may be smoother for Renault than PSA

Roland Fabius, France's foreign minister, said that **PSA Peugeot Citroën** could find it more difficult to return to Iran than **Renault S.A.** after talks with Iranian leaders. The feedback from Iranian ministers on Renault was positive, Fabius said after his visit to Iran. "As far as Peugeot is concerned, Iranian leaders criticize it for leaving a few years ago in a way they dispute. So it could be more difficult," Fabius told France Info radio. Renault's position in Iran is different from PSA's position. While Renault cooperated with its Iranian partners as long as possible in conjunction with the sanctions and resumes parts shipments as soon as it was possible, PSA was forced to stop cooperation with Iran in conjunction with a shareholding agreement with **General Motors**. PSA CEO **Carlos Tavares** said talks on a production joint venture with Iran Khodro were being undermined by anti-French sentiments. PSA has "developed proposals" with Iran Khodro, Tavares said according to Reuters, but progress is being hindered by a backlash over France's tough line during the talks preceding the breakthrough deal under which sanctions will be lifted in return for limits on Iranian nuclear activities. "The negotiations are taking place in a climate that is fairly hostile to France, because the country's role during the period under sanctions was not appreciated," Tavares said. He also explained that

PSA is still in discussions with other potential Iranian partners. According to media reports, some Iranian hardliners want to block French business deals because of France's close relationship with Gulf Arab governments and the country's stance during the nuclear negotiations.

Daimler managers visit IDEM, VAMCO

Daimler AG managers are visiting the subsidiaries of the **Iran Khodro Industrial Group** as part of preparations for a restart of cooperation between the two companies. Managers of Daimler's Middle East office and the company's powertrain division paid a visit to the **IDEM (Iranian Diesel Engine Manufacturing Company)** engine plant and in order to discuss future cooperation. Daimler used to own 30 percent of IDEM but sold its share some years ago because of sanctions. The talks between Daimler's representatives and IDEM's management included negotiations on the development work on diesel engines such as OM 926, OM 924 and OM 457 and the improvement of exhaust standards of engines manufactured at IDEM up to Euro 5 and Euro 6. Earlier, Daimler representatives also visited **VAMCO**, the Iran Khodro subsidiary which is responsible for the production of axles for commercial vehicles manufactured at **Iran Khodro Diesel**, including **Mercedes-Benz** trucks.

Iran Khodro to assemble up to 20,000 Haima S7 per year

Iran Khodro Industrial Group plans to assemble up to 20,000 units of the **Haima S7** SUVs per year, the company said. Volume CKD assembly of the vehicle started at the **Iran Khodro Khorasan** plant in July. According to Iran Khodro, the local content is to be about 40 percent. However, it is not clear whether this local content has already been achieved.

STATEMENTS

by Hashem Yekehzare, President and CEO of Iran Khodro Co. (IKCO)

“Hard times of Iran Khodro under international sanctions have come to an end”

Hashem Yekehzare, Head of Iran’s largest vehicle manufacturer Iran Khodro Co. (IKCO), talked in a press conference about different aspects of the company’s future, mainly about cooperative projects with foreign vehicle manufacturers.



On the situation after sanctions...

Hashem Yekehzare said that the hard times of Iran Khodro under international sanctions have come to an end and most foreign companies including German vehicle makers are interested in expanding cooperation with IKCO. He mentioned Peugeot, Renault and Suzuki as Iran Khodro’s current trade partners saying IKCO plans to establish cooperation with a non-French European company in near future. He emphasised that IKCO won’t roll out the red carpet for those countries not respecting Iranian nation’s rights. “After the win of Iran in Vienna negotiations, different teams are coming to the country and considering the important role of Iran in region, they will continue to come,” he said. “Iran is so important for those companies because they seek markets in region. Germany was the first economic team that has announced its willing for being present in Iran and there were also some negotiations with Mercedes Benz and Volkswagen.”

On Renault...

“Since last year, Iran Khodro stopped cooperation with Renault Pars and began working directly with Renault. The cooperation has paid off resulting in the plans to produce Captur, Clio IV and Kwid. Meanwhile, a facelift version of Tondar 90 will be launched by the end of the current Iranian calendar year,” Yekehzare explained. “In my idea, the project of Tondar 90 facelift should not have been started as any product that enters the market has a useful lifetime and would be stopped after sometime but this project has been started before my appointment and it would be launched in market by end of this year,” he said about his view regarding the Tondar 90 facelift. “We need to leave behind the previous patterns and produce new cars. To this end, Renault can play the role of parts and engine systems provider,” he said.

On PSA...

“22 percent of Peugeot’s global sales fall to Iran’s market. This makes Iran an attractive market for any company but Peugeot left Iran after Western sanctions putting us in trouble. On the other hand, the company

slashed about 8,000," said Yekehzare. He referred to the negotiations between IKCO and Peugeot over the past one and half year saying: "Our cooperation program has already been finalised and we will establish a joint company in Iran in near future. Based on the program, 30 percent of the company's products would be exported by Peugeot. The company would also have a joint research centre." Yekehzare underlined that Peugeot has to be responsible for his past treatment adding given the newly-created conditions, there is no guarantee that IKCO would sign an agreement with Peugeot. "Several companies have expressed their willingness to cooperate with us. So we can choose a strong and reliable partner," he said.

On Daimler...

"Mercedes-Benz is an old partner for Iran Khodro, and it has announced to us its interest and readiness to work with us," said Yekehzare. "Mercedes-Benz office would be opened in Tehran within two to three months," he said. "We plan to sign a agreement with Mercedes Benz to produce trucks, buses and pickups." Yekehzare also said Mercedes-Benz is set to buy 30 percent of the engine manufacturer IDEM and to start production of new engines. He also explained that IKCO and Daimler would sign an agreement to produce and supply cars. Based on it Setareh Iran company would be importer and Top Khodro company would be manufacturer of Mercedes-Benz cars in Iran. Mercedes-Benz also expressed its willingness to buy 50 percent of Setareh shares.

On Suzuki...

Yekehzare also talked about IKCO's cooperation with Suzuki saying that the company was one of the rare companies which didn't stop its work in Iran after sanctions. He concluded that the company would continue its cooperation with IKCO on producing products such as Swift, Ciaz and Celerio models in Iran with the latest model (Celerio) in large number.

On Volkswagen...

Yekehzare said that Volkswagen can be a reliable partner for Iran Khodro.

On Chinese companies...

Yekehzare said that the presence of foreign auto makers in Iran poses a great danger for Chinese companies. "Chinese cars may seem attractive because of their reasonable prices but they can not compete at all with European cars in terms of quality and technical features," he explained.

On exports and production abroad...

Yekehzare emphasised that the group's policy has been profit-oriented so far saying: "We never export loss-making products." He noted that IKCO will continue its production abroad only if there is a reliable partner from private sector there. "In Azerbaijan, a company has expressed its willingness to cooperate with us. We have reached conclusion on some issues. After talks are finalised, we would begin our export to the country," he said.

Compiled by Peter Homola

THIS WEEK ON CEAUTO.CO.HU

New car market in Russia: 140,161 new cars and trucks were sold in June, 2015

<http://ceauto.co.hu/news/new-car-market-in-russia-june-2015-figures-are-released>

New car market in the Czech Republic: 22,734 new light vehicles were registered in June, 2015

<http://ceauto.co.hu/news/new-car-market-in-the-czech-republic-june-2015-figures-are-released>

New car market in Romania: 11,598 new cars and trucks were sold in June, 2015

<http://ceauto.co.hu/news/new-car-market-in-romania-june-2015-figures-are-released>

New car market in Slovenia: 6,231 new cars and trucks were registered in June, 2015

<http://ceauto.co.hu/news/new-car-market-in-slovenia-june-2015-figures-are-now-available>

New car market in Serbia: 2210 new cars and trucks were sold in June, 2015

<http://ceauto.co.hu/news/new-car-market-in-serbia-june-2015-figures-are-released>

New car market in Bosnia-Herzegovina: 706 new light vehicles were registered in June, 2015

<http://ceauto.co.hu/news/new-car-market-in-bosnia-june-2015-figures-are-now-available>

New car market in Moldova: 270 new light vehicles were registered in June, 2015

<http://ceauto.co.hu/news/new-car-market-in-moldova-june-2015-figures-are-released>

IMPRINT

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