

PLOVDIV

INVESTMENT DESTINATION

2018

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PLOVDIV

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WELCOME TO PLOVDIV!

AS A MAYOR OF PLOVDIV, I AM PROUD AND PRIVILEGED TO OPEN THE 2018 EDITION OF THE "INVESTMENT DESTINATION PLOVDIV" CATALOG. THIS BOOKLET IS INTENDED TO SERVE INVESTORS' INTEREST IN BULGARIA AND ITS SECOND BIGGEST CITY, ANSWERING QUESTIONS ABOUT BUSINESS CLIMATE, LOCAL ECONOMY, WAGES AND PROPERTY MARKET AMONG OTHERS.

WITH OVER 70 000 JOBS IN MANUFACTURING PLOVDIV IS THE "INDUSTRIAL HEART" OF BULGARIA WITH A DYNAMIC ECONOMY, ATTRACTING HIGHER-END PRODUCTIONS. TRAKIA ECONOMIC ZONE – ONE OF THE LARGEST INDUSTRIAL ZONES IN SOUTH EASTERN EUROPE – MAKES THE WIDER PLOVDIV REGION THE PREFERRED HOME FOR MANY MULTINATIONAL COMPANIES. WITH OVER 40 000 STUDENTS AND A POSITIVE MIGRATION BALANCE, THE CITY'S POOL OF TALENT IS EXPANDING STEADILY.

THIS MAY BE YOUR FIRST ENCOUNTER WITH PLOVDIV OR YOU MAY UPDATE PREVIOUSLY KNOWN FACTS ABOUT THE REGION. IN ALL CASES, IT IS JUST THE FIRST STEP IN A JOURNEY THAT MY TEAM AND I WILL JOIN YOU IN. PLEASE MAKE SURE YOU TAKE ADVANTAGE OF THE MUNICIPALITY'S DEPARTMENT FOR BUSINESS DEVELOPMENT WITH MAIN PURPOSE PROVIDING USEFUL AND PRECISE INFORMATION TO EXISTING AND NEW INVESTORS.



Eng. IVAN TOTEV

MAYOR OF PLOVDIV



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€1.7 billion

CUMULATIVE FDI (2016)

€3.9 billion

GDP (2016)

€480

AVERAGE GROSS SALARY
PER MONTH (2017)

70.1%

EMPLOYMENT RATE (15-64 years)
EU average: 67.6% (2017)

*Official statistics on district level

DOING BUSINESS IN BULGARIA

With some of the lowest taxes rates on profits and incomes Bulgaria still enjoys macroeconomic and fiscal stability and predictability. The business-friendly environment places the country among the top 50 in the world as measured in the 2018 World Banks's edition of the Doing Business Report. In the 2017 edition of Economic Freedom of the World Report by the Fraser Institute (Vancouver, Canada), Bulgaria ranks 48th out of 159 countries.

In the measurement of economic freedom the country's best results are in the categories "sound money", "regulations" and "freedom to trade internationally".

Bulgaria joined NATO in 2004 and the EU in 2007. Laws and regulations in almost all spheres are harmonized with European legislation. The country also expects the start of OECD accession talks.

The local currency lev has been fixed to the euro since 1997 through a currency board. Bulgaria will maintain it until the adoption of the single European currency. In 2018 the country will apply for ERM II membership and after meeting the conditions will join the euro area.

10%

**PERSONAL AND CORPORATE
INCOME FLAT TAX RATES**

25%

GOVERNMENT DEBT

FIXED

**FIXED EXCHANGE RATE TO
EUR SINCE 1997**

LAWS & REGULATIONS

**LAWS AND REGULATIONS
ARE HARMONIZED WITH
EU LEGISLATION**

In the World Economic Forum's Global Competitiveness Index for 2017/2018 Bulgaria is ahead of competitive investment destinations such as Romania, Serbia, Greece and Turkey. The country ranks sixth in the world based on budget balance indicator and on trade duties.

For over 20 years governments have maintained a conservative fiscal policy with balanced budgets. The public debt went down from over 100% of GDP to 25.4% in 2017. Bulgaria has the third lowest government debt in the EU next only to Estonia and Luxembourg.

Bulgaria's 10% flat corporate and personal income tax rate is one of the lowest in the EU and the whole world. There are no restrictions on international capital transfers and repatriation of profits.

Bulgaria has an open economy with strong trade links with the European markets. Exports are diversified including the fast growing automotive, machinery and pharmaceutical sectors. Business services exports have also expanded substantially during the last decade.

TAX BURDEN

1st

lowest in EU (10% corporate and personal income flat tax rates)
European Commission, 2018

GOVERNMENT DEBT

3rd

lowest in EU (25.4%)
Eurostat, 2017

GLOBAL COMPETITIVENESS INDEX

49th

(out of 137)
World Economic Forum 2017/2018

ECONOMIC FREEDOM OF THE WORLD INDEX

48th

(out of 159)
Fraser Institute, 2017

DOING BUSINESS INDEX

50th

(out of 190)
World Bank, 2018

POPULATION

The combined population of the city of Plovdiv and the towns at commutable distance from the industrial zones (45 minutes in one direction) is about 780 000. In addition, high quality of life and a myriad of possibilities for career development attract constantly new citizens. Both the city and the region (district level) see a positive net migration - newcomers outnumber leavers - while nation-wide figures are negative. Plovdiv is particularly attractive for the age group 20-29 with biggest positive net migration rate among Bulgarian districts. The number of expats and Bulgarians returning from abroad grows steadily and in 2017 Plovdiv district saw a positive net migration vis-à-vis other countries.

MIGRATION 2017

2 400

NET CHANGE (city)

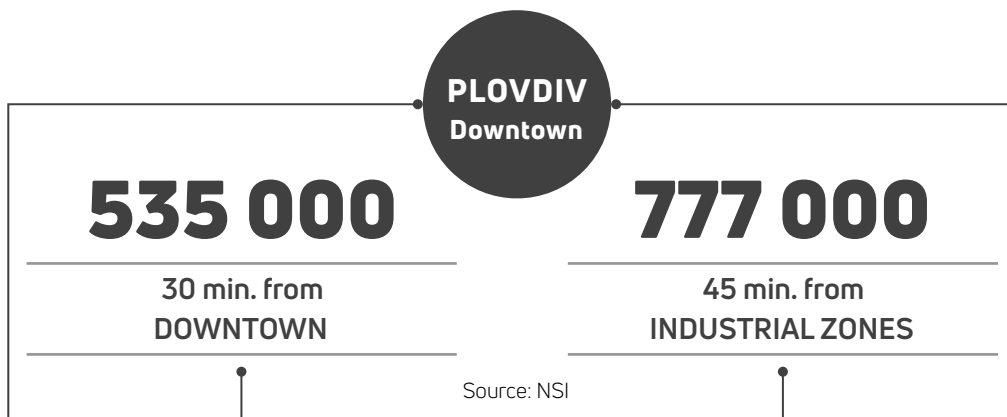
+7‰

NET RATE 20-29 YEARS (district)

BG: -7.5‰

7 300

NEW INHABITANTS (city)



POPULATION IN WIDER PLOVDIV (distance 45 min.)

AGE (YEARS)	Under 20	20 – 44	45 – 64	65 – 74	75 +
NUMBER	150 000	255 000	212 000	90 000	70 000

Source: NSI

LABOR FORCE

Plovdiv district has a robust labor market that continues to expand in recent years. Just in 2017, its labor market marked growth with 38 000 people – more than any other region in the country. Despite high activity rate and low unemployment, companies in the region manage to attract human capital from the wider Plovdiv area and other districts, as well as to mobilize economically inactive population, whose number fell off with 17.5% since the onset of the global financial crisis.

Manufacturing companies are the biggest employer in the region. Plovdiv is also the district with most people working in the manufacturing sector in Bulgaria. In addition, Plovdiv has a well developed business service sector, which is closely linked to the local industry and provides all the high-quality services a manufacturing company might need.

NUMBER OF INDUSTRY-COMPATIBLE EMPLOYEES

34 317

MACHINE OPERATORS

26 734

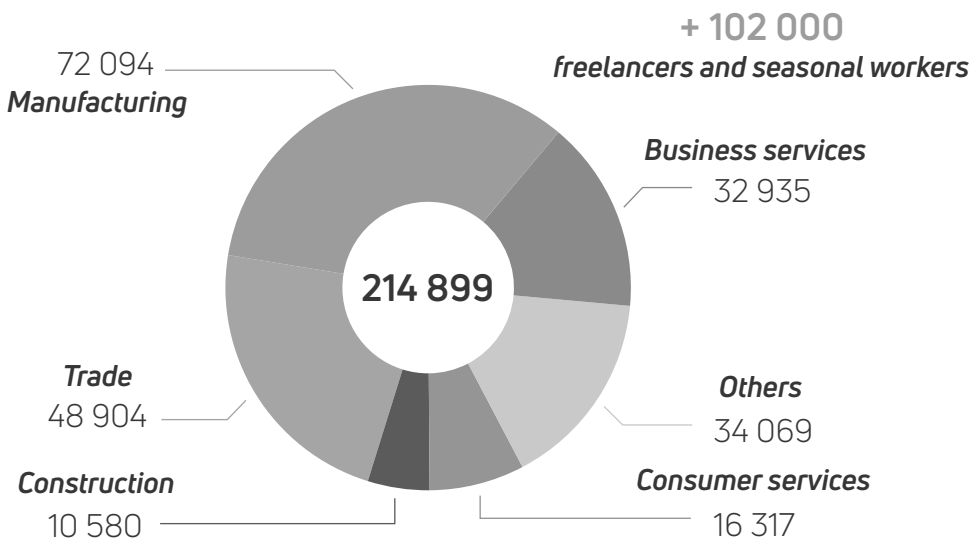
SKILLED INDUSTRIAL WORKERS

18 035

TECHNICIANS

Source: NSI (data on district level)

LOCAL ECONOMY STRUCTURE (BY EMPLOYMENT)



Source: Trakia Tech based on NSI (data on district level for 2017)

EMPLOYMENT BY INDUSTRY (%)

MANUFACTURING	100	BUSINESS SERVICES	100
Food, beverages & tobacco	20	Transport & logistics	41
Apparel	19	Administrative	21
Metal products	17	IT&BPO	9
Rubber & plastics	11	Law, accounting & other consulting	9
Machinery & equipment	9	Finance & insurance	6
Computer, electronic, electrical & optical equipment	9	Real estate	5
Other	15	Other	8

Source: NSI (data on district level for 2016)

Companies that choose Plovdiv as their investment destination have access to human capital, consisting of well prepared workers and specialists who can create value for various manufacturing and service sectors. The labor force is specialized but nevertheless readily adaptable.

70.1%
EMPLOYMENT RATE (15-64 years)
EU average: 67.6%

Wages by segment

In services, wages on average are highest in IT, one of the fastest growing industries in recent years, providing opportunities for highly skilled labor. Hiring labor for the "light industries" such as manufacturing of food and beverages as well as clothing and shoes is on average cheaper than employing a worker in the "heavy" industries, such as manufacturing of machines and equipment or metal parts,

which typically require more specialized skills and knowledge.

Wages in manufacturing, both in Plovdiv district and in the country on average, typically have a slightly higher growth rate than the average. Even though Plovdiv has one of the highest wage growth rates in manufacturing (9.9% per year), wages in absolute terms are still lower than those in Sofia, Varna, Burgas and Stara Zagora.



LABOR COSTS IN MANUFACTURING (forecast for 2019)

Total labor cost includes net pay, mandatory social security contributions of employer, withholding mandatory social security contributions of employee, and withholding income tax on salary.

(EUR per month) ENTRY LEVEL		JOB POSITION	(EUR per month) SKILLED WORKERS	
Total labor cost	Net pay		Net pay	Total labor cost
572	373	PRODUCTION ASSEMBLY WORKERS	488	748
654	427	CNC MACHINE OPERATORS	606	928
869	567	ENGINEERS - INDUSTRIAL MACHINES & SYSTEMS	804	1 233
810	529	ELECTRICAL ENGINEERS	750	1 149
860	561	ENGINEERS – CONSTRUCTORS	870	1 333
906	591	FIRST-LINE MANAGERS, SUPERVISORS, TECHNICIANS	812	1 244
766	500	WELDERS, LATHE & METAL WORKERS	800	1 226

Source: Trakia Tech survey

EDUCATION AND TRAINING

Plovdiv is the leading university center in Southern Bulgaria. The educational system is well developed, preparing many students in technical and applied disciplines in accordance with labor market demand and the industrial profile of the region.

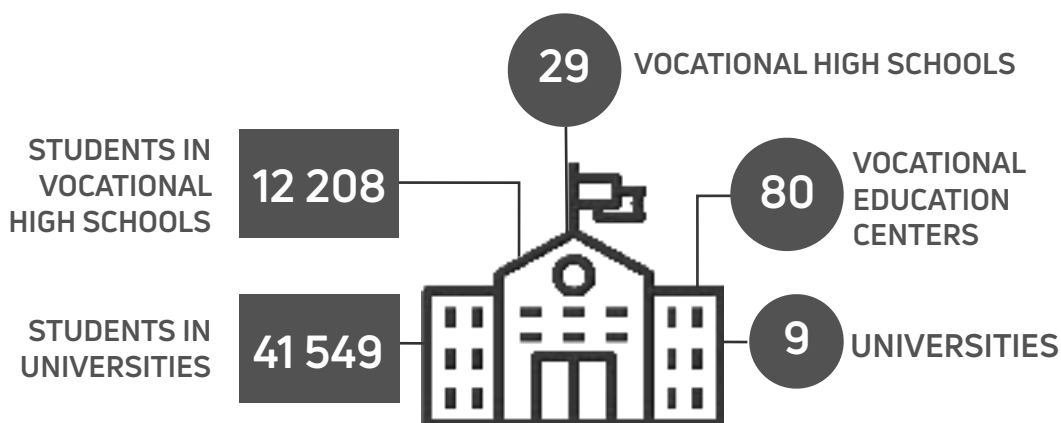
Plovdiv is the home place of the second biggest university in Bulgaria - the Plovdiv University Paisiy Hilendarski with more than 14 400 students enrolled in 27 disciplines. In recent years the courses in Informatics and Computer Science are the most preferred among new students. The courses have the highest number of enrolled undergraduate students - 1 842. 1896 students are enrolled in natural sciences. There are 7 652 students enrolled in business sector services of which 916 study accounting as major and 945 study finance.

The Philology department of the university offers language studies in 15 different languages, including the main European and Slavic languages, plus Chinese,

Korean and Turkish. The Plovdiv branch of Technical University Sofia is the leading university in Southern Bulgaria for degrees in the fields of Electronics and Automation and Mechanical Engineering with 2 000 students enrolled in 7 disciplines. The university offers international program in industrial engineering with courses taught in English.

Currently 5 400 students are enrolled in programs in technical studies in universities in Plovdiv and 7 652 in Business Services field. Three universities provide education for 4 900 students in Food technologies and Agriculture Studies.

There is a wide variety of courses for gaining foreign language proficiency and professional qualification offered both in vocational educational and training centers and different academies on regular basis. There are also summer academies offering intensive courses in such fields as engineering design, production and elements prototyping.



Source: Plovdiv Municipality based on data from universities, NSI, NAVET, Data on district level for 2018

STUDENTS ENROLLED IN TECHNICAL STUDIES

INFORMATION TECHNOLOGIES	1 975
COMMUNICATION AND COMPUTER TECHNOLOGIES	849
MECHANICAL ENGINEERING	843
ELECTRICAL ENGINEERING, ELECTRONICS AND AUTOMATION	678
GENERAL ENGINEERING	553
TRANSPORT, NAVIGATION AND AVIATION	260
ENERGY STUDIES	244
TOTAL STUDENTS	5 402

Source: Ministry of education and science 2018



2 005

VOCATIONAL HIGH SCHOOL
GRADUATES



7 641

UNIVERSITY GRADUATES

2 328

GENERAL HIGH SCHOOL
GRADUATES

3 000

FOREIGN STUDENTS

Source: NSI, data on district level for 2017

Source: Ministry of Education, data on district level 2018

LOCAL ECONOMY

Plovdiv region is one of Bulgaria's most vibrant and competitive. The local non-financial sector produces 1/10 of the national output. Labor productivity, value added per employee, grew at 10.5% per annum for the past four years, the fastest rate in the country. According to the latest data for 2016 it reached EUR 11 650.

Rise of productivity is ensured by abundant capital investment. Companies in Plovdiv reported €900 million expenditures for fixed-capital in 2016. The region of Plovdiv is a preferred investment destination by renowned global companies, seeking to profitably expand their operations and increase their presence in the global marketplace. FDI in the region has grown at 11.4% annually for more than a decade. Just in 2016 FDI in Plovdiv expanded with over €138 million – more than any other region in the country and with 40% more than the capital Sofia.

€7.6 billion
OUTPUT

€2.5 billion
VALUE ADDED

€11 650
AVERAGE PRODUCTIVITY
(value added per employee)

LOCAL ECONOMY STRUCTURE (by added value)

ALL INDUSTRIES	100.0%
MANUFACTURING	41.5%
TRADE	16.1%
BUSINESS SERVICES	15.8%
PUBLIC SERVICES & REGULATED MARKETS	14.3%
CONSUMER SERVICES	4.8%
CONSTRUCTION	3.8%
OTHER	3.7%

Source: Trakia Tech based on NSI (data on district level for 2016)

Manufacturing

Industrial production and manufacturing in particular is on a steady rise in the region of Plovdiv. Manufacturing companies have generated 56% of the output in the local economy in 2016. In addition to being the biggest employer in the region, the sector contributes the largest share in added value and capital spending in the local economy.

Productivity gains are guaranteed by capital investments and process optimization. The capital investments are mostly used to finance the purchase of state-of-the-art machinery and equipment, which improve the enterprises' competitive position. Manufacturing companies spent €268 million for the acquisition of fixed assets in 2016, or 30% more than a year before. The region of Plovdiv has undergone noticeable industrial development over the past few years, resulting in more productive labor force. Just in 2016 the labor productivity in manufacturing marked over 17% growth compared to the previous year.

€4.4 billion
OUTPUT

€1 billion
ADDED VALUE

72 000
EMPLOYEES

€14 400
AVERAGE PRODUCTIVITY
(value added per employee)



Photo credit: pixabay.com



10 BIGGEST INDUSTRIAL SECTORS (% of value added in manufacturing)

METAL PRODUCTS	28.9
FOOD, BEVERAGES & TOBACCO	17.7
MACHINERY & EQUIPMENT	10.6
RUBBER & PLASTICS	8.9
APPAREL	9.0
PAPER	8.0
ELECTRICAL EQUIPMENT	6.4
CHEMICALS	4.1
FURNITURE & OTHER UNSPECIFIED PRODUCTION	3.7
COMPUTER & OPTICAL EQUIPMENT	2.7

Source: NSI (data on district level for 2016)

Business services

Business services in Plovdiv are rapidly evolving, taking advantage of the region's strategic geographic location, excellent transportation links and advanced industrial development.

Business services contributed added value equivalent to €395 million, while employing 33 000 people. Plovdiv is a transportation and logistics hub. This is why transportation and storage are the biggest business services in the region, providing more than 1/3 of the value added and jobs in the region. Besides well developed transport sector and burgeoning IT&BPO sector, the region of Plovdiv has competitive companies providing professional, real estate and administrative services which together generated 41% of the value added in B2B services and spent €111 million for the acquisition of fixed assets.

BIGGEST SHARE IN VALUE ADDED IN BUSINESS SERVICES

38%

TRANSPORT

21%

IT&TELECOM

20%

PROFESSIONAL SERVICES

Source: NSI (data on district level for 2016)

Construction activity

The district of Plovdiv has been ranked first in approved non-residential construction since 2013, well ahead of all other areas in Bulgaria. The construction of business properties with a total built-up area of 2.3 million m² (25 million F²) has been permitted since 2013.

New construction projects in the region of Plovdiv consist largely of industrial space and warehouses, which enhance the rapid development of Plovdiv as manufacturing leader and logistics hub.

560 000 m²

(6 MILLION F²)

APPROVED FOR NON-HOUSING
CONSTRUCTION IN 2017

12.3%

OF ALL PERMITS IN THE COUNTRY

SPECIAL FOCUS

Multinational companies already transfer to Plovdiv more complex processes, including R&D and hi-tech processes. This is particularly distinguishable in discrete manufacturing such as machine building and automotive, where focus is placed on assembling high-quality components into products with high added value.

This requires the utilization of the latest technology trends, including artificial intelligence, machine learning, nano technologies, cloud computing and big data analysis.



Photo credit: pixabay.com

Machine building & components production

Value added of companies that produce metal parts and components is annually €300 million (or 29% of the manufacturing sector). Productivity, value added per employee, is catching up with the average EU levels, as its annual growth was over 70% (latest data available for 2016).

The machine building sector expands rapidly, attracting renowned international

holdings, as well as many niche Bulgarian companies. Some of the companies specialize in producing tailor-made, high-end products, equipped with IIOT control systems. This includes producing machines for the food & drinks, pharmaceutical and tobacco industries. Plovdiv has also a long-lasting tradition in producing computer, optical, electronic and electrical equipment.

LABOR PRODUCTIVITY (Value added per employee per year)

METAL PRODUCTS	24 468 €
COMPUTER & OPTICAL EQUIPMENT	19 639 €
MACHINE BUILDING	18 287 €
ELECTRICAL EQUIPMENT	12 374 €
RUBBER & PLASTICS	11 908 €

Source: Trakia Tech based on NSI data for 2016

Automotive

According to a Seenews report, the total revenue of the companies in the sector stood at €3.5 billion in 2017, of which 90% exports to major international car makers.

A survey by Automotive Cluster Bulgaria and consultancies Colliers International and PricewaterhouseCoopers Bulgaria in 2017 showed that 85% of the automotive components producers operating in Bulgaria plan to expand their activities in the country. Moreover, the share of suppliers with own research and development activities in Bulgaria exceeded 40% in 2017.

In its 2018 report, Seenews ranks Southeastern Europe as the new hot destination for global automotive industry, with Trakia Economic Zone near Plovdiv being one of the prime locations in the region.

Just in 2016, producers of automotive components in Plovdiv and its closest settlements employed almost 8 000

people and generated €382 million in revenues. Those companies generated profits worth close to €37 million or more than any other region in the country.

A number of export-oriented companies in the region specialize in producing automotive parts for Volkswagen Group, Volvo, General Motors, BMW, Honda, Daimler, Fiat, among others. Most of them are part of renowned international holdings, such as Willi Elbe Group, Magna Powertrain, Sensata Technologies, SKF Group, Aktas Holding and Odelo Farba.

Most companies are Tier 1 and Tier 2 suppliers. R&D units in those companies are focused on improving the automation of manufacturing, as well as designing contemporary electronic systems. Companies are specialized in various productions like airbags, bearings, sealing solutions, cabling, sensors, electronics, lighting, batteries, A/C system, powertrain, etc.

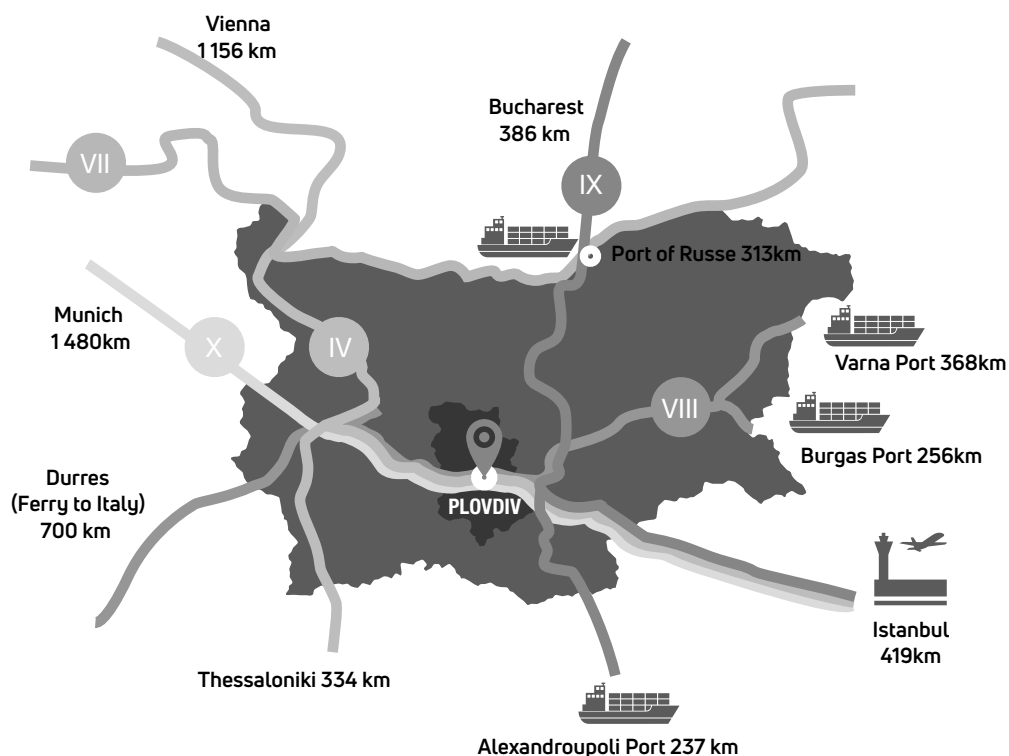
LOCATION & CONNECTIVITY

Plovdiv on the map

Plovdiv is well connected by road, air and railway. The city is a major link in the chain of the transport routes connecting Europe and Asia and an intersection point of three Pan-European corridors - IV (Dresden–Bucharest– Plovdiv- Istanbul), VIII (Durrës-Plovdiv- Burgas), and X (Salzburg–Belgrade- Plovdiv-Istanbul).

Two highways connect Plovdiv with the major Bulgarian ports as well as those in Greece and Turkey.

Plovdiv Airport is the regional airport that serves South-Central Bulgaria for scheduled transportation (both passenger and cargo flights) and charter flights. The airport is situated in close proximity to Kuklen Industrial Zone. Under new concession terms, the airport is expected to be transformed into a cargo distribution and regional tourist hub for Central and Eastern Europe.





PLOVDIV HAS A DUTY-FREE ZONE, A CUSTOMS TERMINAL AND EXTENSIVE PUBLIC TRANSPORT SYSTEM AND WELL DEVELOPED INFRASTRUCTURE THAT LINK THE REGION WITH CITIES AND TOWNS ALL OVER THE COUNTRY AND MANY EUROPEAN COUNTRIES.

Distance to:	km	miles
Belgrade	541	336
Athens	834	518
Budapest	914	568
Prague	1 438	894
Milan	1 558	968
Berlin	1 786	1 109
Warsaw	1 787	1 110
Brussels	2 265	1 408
Paris	2 318	1 440
London	2 581	1 604

Logistics

Plovdiv station has a strategic location in the national railway system with the capacity of handling 32 trains daily and unloading 2 000 wagons per day. 18 transport companies are licensed by the Bulgarian "Railway Administration" Executive Agency for providing transport services of cargo.

The intermodal terminal at T. Kableskov railway station constructed in 2015 is a part of Plovdiv railway junction. The terminal is 15 minutes away from Maritza Commercial and Industrial Zone, 25 minutes away from Kuklen Industrial Zone, and 30 minutes away from Rakovski Industrial Zone. The capacity of the fully equipped terminal is 80 000 intermodal transport units (UTI).

In 2017 a 27-year concession contract for the Intermodal Terminal was signed with PIMK Holding Group and is expected to launch a full range of freight transport services offering combination of different transport types.

PIMK Rail, Bulgaria's newest rail freight operator, in 2017 started transportation services of wide range of cargos in FALS wagons (for construction materials), refrigerated trailers (for food), Double Pocket-Twin wagons (for the automotive industry) and tank wagons (for fuels and chemical industry). Other major companies in the sector are Schenker Logistics Bulgaria, AIT International Transport, Fresh Logic, Eurofrio, Hager Transport Bulgaria among others.

LAND & PROPERTY MARKET

The office market in Plovdiv expanded significantly during 2007-2017, as many new office projects were initiated during that period. Currently there is new supply of modern office space which can be modified to meet the specific requirements of each business.

There are offices located both in the city center and in the industrial zones within the city. Despite the noticeable improvement in quality, buying business space in Plovdiv remains very affordable. There is a selection of quality office properties for sale, with asking prices of €700 per sq. m.

There is land for industrial use for sale in the city itself and in the industrial zones in the region. Prices of industrial land range from €25 to €40 per sq. m. in the industrial zones Markovo, Maritza, Rakovski and Kuklen.

The prices for office and industrial space in Plovdiv are relatively low compared to other major Bulgarian cities as well as to other cities in Central and Eastern Europe.

Renting office space (Class A) costs on average €10 per sq. m. per month for a premium business properties currently available in Plovdiv. There is also substantial supply of non-premium office space which could be rented for €4-6 per sq. m. monthly.

MONTHLY RENTS

9-11 €/m²

FOR OFFICE CLASS A

3-5 €/m²

FOR INDUSTRIAL SPACE

PRICE OF LAND

25-40 €/m²

FOR INDUSTRIAL USE

IT&BPO companies are major driver of the office market. Renting office in Plovdiv is on average 30% cheaper than renting similar office space in the capital Sofia. Having an office in Plovdiv is more affordable compared to many other locations in Central and Eastern Europe. Premium office rents in Plovdiv are twice as low compared to rental rates for high-end office space in Prague (Czech Republic), Budapest (Hungary) and Warsaw (Poland).

For the last couple of years significant demand for production facilities is coming from companies specialized in the automotive and electronics sectors. Warehouse space is mainly utilized by the FMCG and logistics sectors.

Renting a warehouse costs on average €4.25 monthly per sq. m. in the industrial zones Maritza and Rakovski. The rents of warehouses in the city range between €3 and €5 per sq. m. monthly.

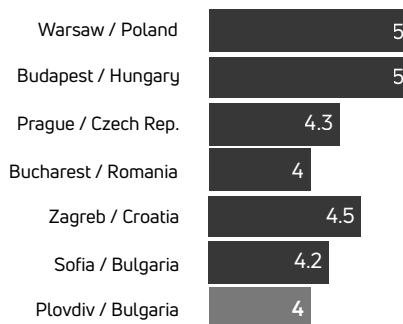
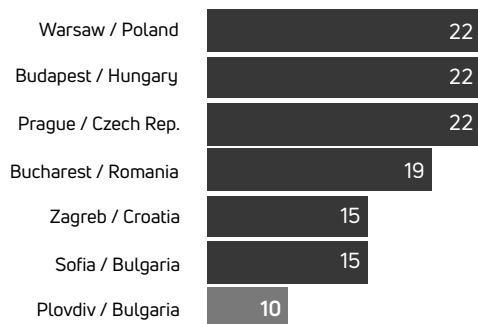
Renting a warehouse in Plovdiv costs less compared to other locations in Central and Eastern Europe. Rents of industrial space in Plovdiv are 20% lower than rents in Warsaw (Poland) and Budapest (Hungary).

The relatively low rents of industrial space and the low operational costs altogether allow Plovdiv-based companies to achieve competitiveness of costs which could hardly be matched by enterprises operating in other regions in Central and Eastern Europe.

RENTS OF PRIME OFFICE SPACE

RENTS OF PRIME WAREHOUSES

€/sq. m./month



Source: Colliers, Plovdiv Municipality



INDUSTRIAL ZONES

Trakia Economic Zone

Trakia Economic Zone (TEZ) is one of the biggest economic projects in Bulgaria, a public-private partnership that includes six major industrial zones in the region of Plovdiv. Together the zones in TEZ have attracted over 1.5 billion euro of fixed-capital investments. The total area of TEZ is 2 640 acres, of which 815 acres are already occupied.

Since the start of the first industrial zone Maritza in 1995 some 140 investors have located their sites in the region, half of which multinational, creating over 30 000 jobs. TEZ has attracted investors from Europe, USA, Canada, Israel, Turkey, Japan, and China.

TEZ offers quick start of operation - thanks to the finished spatial planning of the territory. Professional support and project management contribute to the fast project implementation.

TEZ includes the following six industrial zones – „Maritza“, „Rakovski“, „Kuklen“, Industrial Park „Plovdiv“, Park „Innovations“, and Agro Centre „Kaloyanovo“ within Plovdiv region with the mission to offer enhanced and improved investor-provided services.

Industrial zone Maritza has a surface area of 1 235 acres and hosts over 70 companies in the electrical engineering, electronics, food and beverage industries. Industrial zones “Rakovski” and “Kuklen” have a surface area of 247 acres each and host 32 automotive, machine engineering, metal, chemistry and other companies.

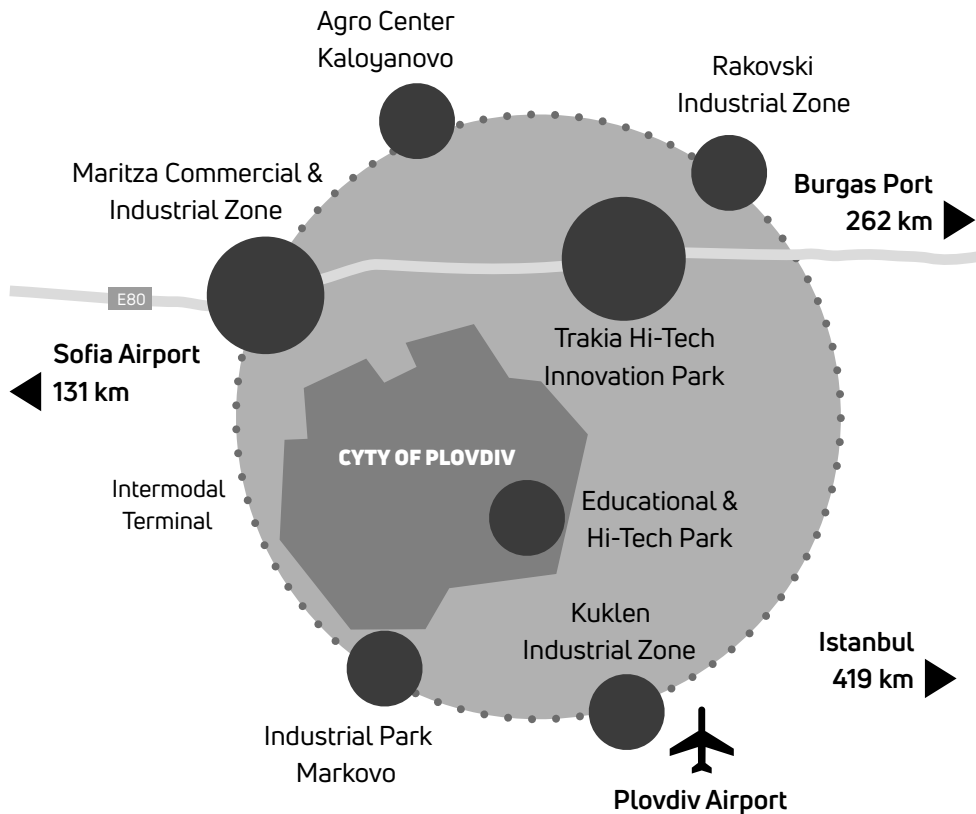
Industrial Park Markovo

Industrial Park Markovo is located on the ring road of Plovdiv. The plot area of the zone is 39 acres on key location for logistics and production activities. The infrastructure is provided, including electricity and available option for

gasification, taking into consideration the possibility of future expansion of companies and the related requirements of more resources.

TRAKIA ECONOMIC ZONE PROVIDES THE FOLLOWING SERVICES:

- Sale of ready to use facilities and plots with modern infrastructure
- Comprehensive design and engineering
- Construction activities
- Lease of ready-to-use and investor-customized facilities
- All-in service package
- Law services
- Investment project management
- Relations with financial institutions
- Shared development and management of EU projects



MAJOR INVESTORS

INDUSTRY SUPPLIERS

ABB Bulgaria
Agria S.A.
Assenova Krepost JCS
Brunata
Bulsafil
Bulltek Ltd.
Drujba Glassworks SA
Dunapack Rodina
Filkab
Gotmar Ltd.
HMC
Holcim
Hik 91
Hus Ltd.
Insa Ltd.
Intercomplex Ltd.
ITD Ltd
KCM 2000 AD
Kaskada Ltd.
Kast Futura BG Ltd
Linde Bulgaria
Mondi Stambolijski
Osram
Profilink
Schatti
Schneider Electric Bulgaria
Shell Gas Bulgaria S.A.
Spinner Group
Steka Elektronik Bulgaria Ltd.
TMT Elkom Ltd
Viking
Watts Industries
Weiss Profil
Yuriy Gagarin S.A.
Zinc Galvanizing Plant

MACHINE BUILDING

Aiger Engineering
Apex 11
Ataro Klima
Biomashin
BTL Industries EAD
Dimex Lift
Index 6 Ltd
Intrama
Klimex
Latecoere Bulgaria Ltd.
Liebherr Hausgeraete Marica Ltd.
Milara International
Tomika Metal

AUTOMOTIVE

Accumalux
Autoelectric Bulgaria Ltd
BRSP Autoelectronica
Kemmler Electronic
Liebherr Transportation Systems
Magna Powertrain
Mecalit Bulgaria
Odelo Farba
Sensata Technologies
SKF Bearings
SMC
Techno Aktas Bulgaria
Willi Elbe Group
William Hughes Bulgaria
Würth Elektronik IBE BG
Trettek Ltd
Viko Ltd

SERVICES

Alex Trade 2010 Ltd.
Andy
Astral Holidays International AD
Ceramic Group
EVN Bulgaria EAD
Galaxy Investment Group Ltd.
GBS – Plovdiv AD
Maxlogistic
Omnicar Auto Ltd.
Primex AVG Ltd.
Rozhen 1 Ltd.
Sienit Holding
Strom Ltd.
Vanichi 2008 Ltd.
Vedena Ltd.

IT & BPO

60K
Aii Data Pro
ASIC Depot
Bulpros
Enigma Software Group
Fast Comet
Football Radar
Javelin Group/Part of Accenture
Kodar
m+w Media Networks
MentorMate
Novarto Ltd.
Opticentre
Orak Engineering
Programista
Proxiad
Reward Gateway
SBTech Global Limited
ScaleFocus
Seeburger
SelMatic Ltd.
Sibiz
SiteGround
Speedflow Communications
TeleTech
Telus International
Viscomp

CONSUMER GOODS

Agri Bulgaria
Agromill Bulgaria AD
Bella Bulgaria
Biofresh
Brezovo AD
Delikates 2 Ltd.
Dimitar Madzharov 2
Enko Plastics
Feinjersey Bulgaria
Fermata
Humanita
Jumbo Bulgaria
Kaufland Bulgaria
Kuminiano Fruit Ltd.
Kottmann
KT International EAD
Leader 96
Marbul
MaxEurope
Mexon Ltd.
Nova Trade Ltd.
Parvomay BT AD
Philicon-97 S.A.
Refan
Roza Impex
Simid
Socotab Ltd.
Ted Bed
United Milk Company
Vinprom Peshtera SA
VP Brands International
Unibel AD
Zobebe Bulgaria

TRANSPORT & LOGISTICS

Alpetrans Bulgaria Ltd.
Ani 93 – G. Petkov 06 Ltd.
AIT International Transport
Eurofrio
Fresh Logic EAD
Hager Transport Bulgaria
Hebar EAD
Pimk Ltd
Petko Angelov BG Ltd.
Schenker Logistics Bulgaria
Semela Logistics
Tim Trans Ltd.
Traykov Trans Ltd.
TRIONICA Logistic Ltd.
Truck Ferry Ltd.

ACCESS TO UTILITIES

Electricity

The entire Plovdiv region has a modern power distribution infrastructure. All towns and villages in the region have access to electricity. In case of a greenfield investment there is a streamlined process of several quick steps to get connected to the power grid that take up to 30 days after application.

The power-grid company plans two additional substations in the industrial zones in wider Plovdiv. Industrial users benefit from expanding liberalized market of electricity as they have options to purchase power from registered traders and in some cases even directly from generation plants.

Annual consumption in mWh, up to:	20	500	2 000	20 000	70 000	150 000	+150 000
final price incl. VAT, EUR/kWh	0.103	0.106	0.089	0.080	0.075	0.069	0.065

Source: NSI

Natural gas

Plovdiv is on the route of both an international and a national transit gas pipeline. There are 8 exit points of the transit network in the Plovdiv region, allowing to connect large industrial gas consumers to the transit grid. Getting

connected to the transit pipe (for large consumers) or to the distribution grid (for small quantity users and households) starts with an application which is reviewed in up to 30 days. Gas prices are regulated and updated quarterly.

Annual consumption in GJ	1 000	10 000	100 000	1 000 000	4 000 000
Final price incl. VAT, EUR/GJ	10.26	9.63	8.41	6.62	6.01

Source: NSI

Water and sewage

The water supply network services 14 towns and 201 villages covering 100% of the urbanized areas in the region. Central sewage and waste water treatment is available to about 75% of the urban territories. New clients pay for any additional costs for new construction and

expansion of the water supply and sewage network. Currently the combined price of water and sewage for industrial users starts from EUR 0.93 per m³ and can go up to EUR 1.38 per m³ (VAT incl.) depending on the degree of contamination.

CONSTRUCTION PERMIT

The municipality of Plovdiv provides a clear and relatively short workflow in terms of both number of procedures and timeframe of execution. The city administration assists investors in dealing with third parties, including power company, water and sewage company, cadastre agency, environmental agency.

The process takes substantially less time in Plovdiv than in the average destination from Eastern Europe and Central Asia, and even less than the developed economies of OECD. It would take 105 days from the moment of applying for certificate for project planning (step 1 in the workflow) to the moment of getting a certificate of operational building (final step).

There would be 16 steps in dealing with the whole process, which includes also the process of dealing with the Power Company. A comparison of the World Bank has shown that the average number of steps in OECD is 12, and in Eastern Europe and Central Asia is 15.

The total administratively imposed cost would be for a 4000 m² (43 000 f²) warehouse would be about EUR 36 000. The biggest part (78%) of this being remuneration for construction supervision company. That cost does not include cost of connection to the power and water grids.

WORKFLOW OF DEALING WITH CONSTRUCTION PERMIT	
CERTIFICATE FOR PROJECT PLANNING	14 days
DRAFT INVESTMENT PROJECT	
PRELIMINARY CONTRACT WITH POWER COMPANY ASSESSMENT BY WATER COMPANY ASSESSMENT BY ENVIRONMENTAL AGENCY	30 days
COMPLETE INVESTMENT PROJECT	
APPROVAL OF INVESTMENT PROJECT BY MUNICIPALITY	7 days
ISSUE OF CONSTRUCTION PERMIT	14 days
INVESTOR APPROVES COMPLETION OF STAGE 1	
CONTRACT WITH POWER COMPANY CONTRACT WITH WATER COMPANY BUILDING MAPPED ON CADASTRE	30 days
INVESTOR APPROVES COMPLETION OF STAGE 2	
MUNICIPAL STAMP ON TECHNICAL PASSPORT OF BUILDING	3 days
CERTIFICATE FOR OPERATIONAL BUILDING	7 days

TOTAL: 105 days

LOCAL TAXES & FEES

Property tax

In the city of Plovdiv (Plovdiv Municipality) the tax on property is annually 0.18% of the value of the property. In the municipalities of the wider Plovdiv region, where most of the industrial zones are located, that tax rate may vary between 0.15% and 0.25%.

The property value for tax purposes is either the balance-sheet value or the administrative valuation of the asset. The latter is subject to general rules that do not tend to change frequently. The tax valuation of production facilities may vary according to location and type of buildings, however it would not exceed 193 EUR/sq. m. if administratively determined. On that basis premises of 4 500 m² (48 500 f²) would be estimated to be worth up to EUR 868 500 for tax purposes with an annual property tax for such property EUR 1 563. If it is a brand new building and is being taxed according to its balance-sheet value, then the tax may go up to EUR 2 600.

PROPERTY TAX: UP TO 2 600 EUR



WASTE FEE: UP TO 7 600 EUR



INDUSTRIAL BUILDING
4 500 m²

Waste fee

The other administrative burden that affects every business in the municipality is the waste fee. The waste fee is entirely different from the industrial waste management costs, and applies to every building and property. Businesses have two options to deal with the municipal waste fee.

The first option is to pay according to quantities of waste by contracting one of the waste-container options with the municipality.

The second option is to pay a flat rate of 0.53% (rate for the city of Plovdiv) on the property value. For a 4 500 m² (48 500 f²) facility the fee could be up to EUR 7 600. The latter is equivalent to five big containers and two small ones if fees is paid according to waste quantity. The city follows a policy of reduction of waste fee rate in the past 10 years.

	PLOVDIV CITY	INDUSTRIAL ZONES
Property tax	0.18%	0.15% - 0.25%
Waste fee	0.53% or per quantity	per quantity

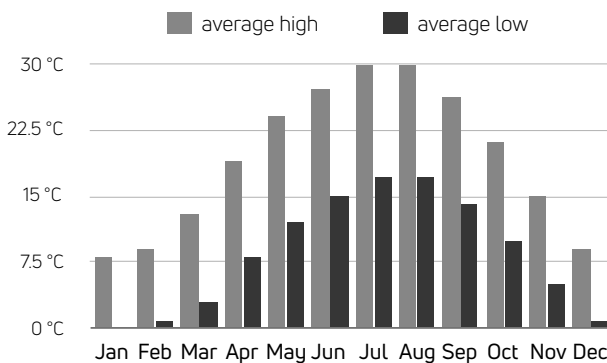
QUALITY OF LIFE

Plovdiv is situated on the bank of Maritza River. The wider Plovdiv region consists of vast flat terrains with no natural borders all the way to the Black Sea and Turkey. Most of the region’s territory is situated in the Upper Thracian Plain – a fertile agricultural region. Its average elevation is 160 meters. The region consists mostly of plains.

The climate is moderately continental with traces of a mountainous climate in the highland areas. The region is characterized with warm summer (maximum average reaching 31 degrees Celsius, 88 degrees Fahrenheit, in June-August) and relatively tolerable winter (average lows just a bit below 0 degrees Celsius, 32 degrees Fahrenheit, in December-February). The mean monthly sunshine hours are 2 445. Climate is accommodating for both industrial and construction activities. Winters normally bring no major disruption of transportation with average depth of snow cover about 2 to 4 cm.

The region offers one of the best conditions for vineyards and wine making has a long tradition here. Plovdiv and the Thracian Valley are ranked 2nd in Wine Enthusiast Magazine’s “10 Best Wine Travel Destinations of 2017” ranking. Wines, produced in the Thracian Valley, won 35 medals, including grand gold medal, in Concours Mondial de Bruxelles 2018.

The city is built upon layers of towns and cultures. Being older than Rome and Athens, the city of the seven hills has an astonishing historic and cultural heritage to share with its visitors. With its ancient, medieval and modern images and its rich spiritual life, Plovdiv has deservedly become a world cultural centre. The city hosts a multitude of festivals, which attract international artists and visitors from all over the country.



Source: meteoblue.com

300

SUNNY DAYS

52 km

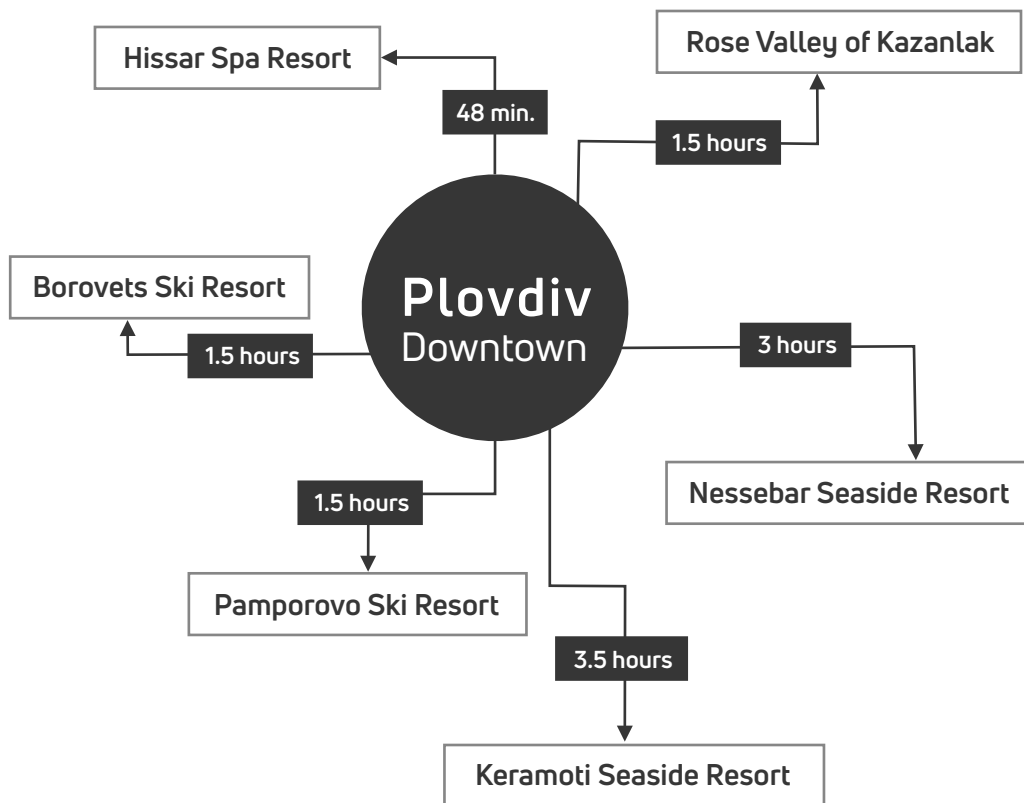
BIKE LANES

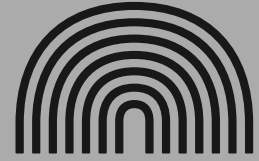
In 2019 Plovdiv will be the European capital of culture. The city will welcome its visitors with hundreds of small and large-scale events appealing to diverse interests. The cultural program includes events for those who love folklore and multi ethnicity; for people interested in archaeology, history and their interaction with everyday life; for the ones that would like to feel the local way of life; for explorers of the changing urban landscape and cultural heritage. More than 150 scheduled domestic and international projects, as well as more than 350 events, workshops and activities

will take place on various locations throughout the city.

Short distances save extra time when traveling. Plovdiv is one of the safest cities in the country according to the indicators for registered crime. The city also offers a world of possibilities for both indoors and outdoors recreational activities. Among a number of sports and fitness facilities located in the city, Plovdiv hosts one of the biggest sports centers in Bulgaria with the largest artificial water channel, indoors swimming pools, football fields and tennis courts.

PLACES TO VISIT AROUND PLOVDIV





PLOVDIV 2019

European Capital of Culture



Explore Plovdiv



the ancient city with
a modern attitude

*We invite you to be
#together at the hundreds of
small- and large-scale events.*

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You are more than welcome.**

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One of the world's
best-preserved



THE OLD TOWN
Part of UNESCO World
Heritage tentative list



KAPANA (THE TRAP)
Creative-industry
district



ROMAN STADIUM
Built in II century A.D.



NEBET TEPE
Archeological complex

TOP 10 PLACES TO VISIT



**TSAR SIMEON'S
GARDEN**
City centre park



MAIN STREET
Modern commercial area
built upon ancient remains



SMALL BASILICA
Well preserved
multicolor mosaic



REGATTA VENUE
Multi-sport complex



**ETHNOGRAPHIC
MUSEUM**
Houses over 40 000
artifacts

CONCERTS

BALABANOV'S HOUSE MUSIC DAY - *May/June*
 INTERNATIONAL FESTIVAL OF CHAMBER MUSIC - *June*
 OPERA OPEN - *June/July*
 INTERNATIONAL FOLK FESTIVAL - *August*
 SOUNDS OF THE AGES - *September*
 PLOVDIV JAZZ FEST - *November*
 ELECTRIC ORPHEUS - *October / November*
 BALKAN YOUTH SYMPHONY ORCHESTRA "PROGRESSIVE" - *2019*
 LIEU D'ETRE 2019 - CHOREOGRAPHIC MANIFESTO FOR HOUSING PROJECTS, LARGE - *2019*

CUISINE & LIFESTYLE

VINARIA WINE FEST - *February*
 FORUM "BUSINESS START WITH SLOW FOOD" - *February*
 WHISKEY FEST - *April*
 HELLO HEALTH FESTIVAL - *April*
 WINE & GOURMET PARADE - *May*
 PULDIN ETHNO 2019 - *July*
 ETHNO KITCHEN ON WHEELS - *May/September*
 MOOD FOR FOOD - *September*
 LOVE SWING DANCE FESTIVAL - *September*
 PARADE OF THE YOUNG WINE - *November*
 AYLIAK PARADE - *October / May*

EDUCATION AND TECHNOLOGY

EURECA! TRAVELLING EXHIBITION - *January / December*
 PLOVDIV GAME JAM - *January*
 TEDx PLOVDIV - *April*
 CHITALIShte - *May / October*
 ANNUAL OUTSOURCING CONFERENCE & AWARDS - *May 2019*
 KNOW-HOW SHOW-HOW - *July*
 INTERNATIONAL TECHNICAL FAIR - *September*
 ANNUAL BUSINESS FORUM: INDUSTRY 4.0 - *October*

MOVIE & THEATER

EUROPEAN ODYSSEY 2019: THE TRAVELLING MAN - *February*
 "BLACK BOX" INTERNATIONAL DANCE AND THEATRE FEST - *May/June*
 FILM NIGHTS IN PHILIPPOPOLIS - *July*
 THEATRE FESTIVAL "SCENE AT CROSSROADS" - *September*
 ONE DANCE WEEK - *September/October*
 AW (E) ARE - THEATER WORKSHOP - *October / January*
 CINEMANIA - *November*

CRAFTS AND EXHIBITIONS

SPRING CRAFT FAIR - *May*
 KIDS CRAFTS FAIR - *June*
 DIGITAL ECOLOGIES - *July / August*
 AUTUMN CRAFT FAIR - *September*
 NATIONAL AUTUMN EXHIBITIONS - *September*
 AUTUMN SALON OF ARTS - *September*
 WEEK OF CONTEMPORARY ART / ANCIENT BATH - *September*
 FESTIVAL OF 3D ART PLOVDIV - *2019*

STREET FESTS

STREET MASTERS - *June*
 KAPANA FEST - *June/September*
 PLOVDIV KARAVANA - *June*
 OLD TOWN FESTIVAL - *September*
 NIGHT PLOVDIV - *September 2019*
 CHRISTMAS IN KAPANA - *December*



EUROPEAN CAPITAL OF CULTURE 2019
Designated by the EU

**In Top 3 Small European Cities of
the Future 2018/19 – FDI Strategy**
Financial Times



AMONG TOP 10 PLACES TO VISIT IN 2015
Lonely Planet's "Best in Travel"

One Of The World's Oldest Cities
The Telegraph

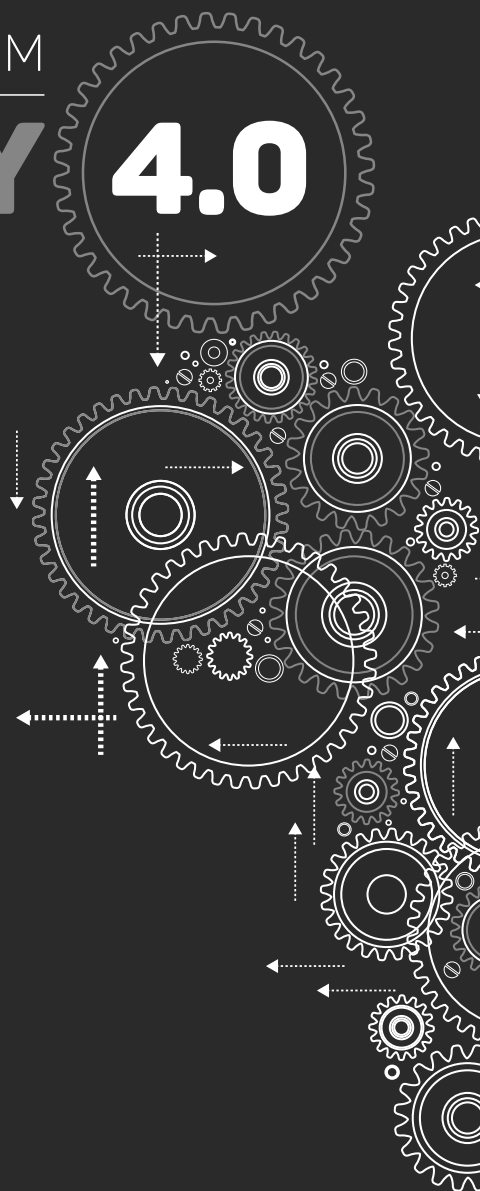
ANNUAL BUSINESS FORUM

INDUSTRY 4.0

New Growth Engines and Emerging
Hubs in South Eastern Europe

17 October 2018
Grand Hotel Plovdiv

capital.bg/Industry



КАПИТАЛ



Plovdiv Municipality



CREATING A BUSINESS-FRIENDLY CITY



PLOVDIV MUNICIPALITY

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