Invest in Debrecen
5+1 REASONS TO INVEST IN DEBRECEN

1. ACCESSIBILITY
2. LABOUR FORCE
3. BUSINESS ENVIRONMENT
4. INCENTIVES
5. QUALITY OF LIFE
6. EDC DEBRECEN
Debrecen companies
Amount: 9,730
Revenue: 5 billion EUR
GDP: 1.4 billion EUR
Headcount: 53,247

- Dangerous
  - 174 db (2%)
  - 29 mrd (2%)
  - 9 mrd (2%)
  - 2,247 fő (4%)

- Not dangerous
  - 9,301 (96%)
  - 377 mrd (24%)
  - 94 mrd (21%)
  - 20,537 fő (39%)

- Micro
  - 54 db (1%)
  - 85 mrd (5%)
  - 21 mrd (5%)
  - 4,744 fő (9%)

- Small
  - 144 db (1%)
  - 170 mrd (11%)
  - 37 mrd (8%)
  - 7,265 fő (14%)

- Middle
  - 28 db (0%)
  - 181 mrd (12%)
  - 59 mrd (13%)
  - 5,309 fő (10%)

- Large
  - 3 db (0%)
  - 335 mrd (21%)
  - 120 mrd (27%)
  - 4,537 fő (9%)

- Size
  - Micro
  - Small
  - Middle
  - Large

- Effect
  - Dangerous
  - Not dangerous

Money:
- 5 billion EUR

GDP:
- 1.4 billion EUR
Investor services

- Full-scale investor service to give you a complete picture on what Debrecen can offer to your company
- We have the answers to all your questions – transparent and up-to-date information from HR to infrastructure, past trends and future tendencies, development opportunities and available services
- Visit Debrecen – we organise your visit to meet city leaders, education institutions, local companies, or anyone else you need
- Our services are free of charge for investors

Dedicated team

- A powerful team of experienced and business-minded professionals is at your service any any requests
- Flexibility and dedication to ensure you make the right choice
We provide you efficient help throughout the whole investment period, from data collection to after-care:

**Decision making phase**
- provide up-to-date information
- organise your site visits
- recommend industrial parks, offices

**Implementation phase**
- coordinate the permission process
- find local suppliers and developers
- help you meet the deadlines

**Operation phase**
- help in employer branding
- cooperate with educational institutions
- connect with HR companies
- Enabling business environment
EDC DEBRECEN – RECOGNITIONS

Winner of 2017 CEE SHARED SERVICES AND OUTSOURCING AWARDS

• Emerging city of the year
• Best university – business cooperation of the year (BT)
Typical questions we answer 1/2

Legal due diligence

Land register / cadastral map
- Current excerpts of the land/cadastral register
- Documents of registration concerning the ownership title of the current owners
- Documents of registration concerning unusual encumbrances in the property sheet of the respective land register, with special regard to the wire easement right registered (i.e. contracts served as basis for registration, together with relevant drawings, etc.)
- Agreement on use of co-owners
- Applications in progress, all documents related to such applications
- Unregistered encumbrances including servitudes established by law
- Marked site map (.dwg file containing relevant information, e.g. area of final property, utilities, road connections, area affected by possible limitations such as easement rights)
- Documents, information regarding land formation (e.g. land merger, including geometrical plans) concerning possible extension of the final real estate property

Public law restrictions
- Limitations as a result of the location of the property within applicable local zoning and building or other relevant local regulations
- Public development agreements
- Administrative decrees, orders and proceedings
- On-going building/occupancy/demolition permit applications
- Environmental surveys re status of soil, ground-water, air and noise; emission related restrictions prescribed by law or authorities
- List of all storage (underground and above ground) of dangerous substances, irrespective of present use
- Other restrictions prescribed by authorities as to the use or utilization
- Subsidies provided in connection with the Object, use or change of control related restrictions upon subsidy contracts, documents related to the local real estate tax exemptions

- Statutory pre-emption rights
- Local building codes and zoning regulation currently in force, together with any other local regulation currently in force and which are relevant to the Object
- Special rules and policies currently in force and to be applied in the course of sale by the current owners

Contractual Agreements in connection with the Object
- Use restrictions based on neighborhood agreements
- Lease agreements or other agreements related to the use or utilization of the property by third parties

Litigation and disputes
- List of all proceedings conducted, pending or threatened, including Restitution/Reprivatisation claims/Expropriation

Technical due diligence

Property characteristics
- Local development plan, restrictions and conditions for new buildings, environmental restrictions, etc.
- Topographic plan
- Geological survey, soil analysis, contamination analysis
- Ground water declaration / statistics, Environmental extract, Flooding statement
- Available public roads and utilities network
- Archaeological surveys and archaeology related documents, restrictions prescribed by law or authorities; monumental, cultural or cemetery (and historical cemetery) and public health protection related restrictions, with all relevant documents

Utilities check
- Railroads, roads and public transportation to the plot
- Existing networks for power, gas, fresh water, sewage
- Restriction imposed by utilities providers
- Maximum availability of infrastructure consumption

Approvals assessment
- Necessary approval steps and permits for environmental issues, building permit, operation permit
- Heritage significance
- Other necessary approvals and permits
Typical questions we answer 2/2

**HR related questions**

**Future talent pool**
- University connection, last 5 years data form the relevant fields
- Faculty cooperation (dual program, industry partnering, sponsoring)
- Vocational data, connection and partnering program (Dual training and educational partnerships)

**Current talent pool**
- Key manufacturing employers in the region
- Local HR services companies
- Key tools to attract people, surveys, learning
- Already established companies site visit

**Labor cost**
- Current labor cost structure, analysis and data
- Future labor cost expectations analysis

**Debrecen HR strategy**
- Development programs to increase the number of inhabitants and future students

**Supports**

**Regional incentives**
- HIPA managed incentives program and their local examples

**Local incentives**
- Debrecen Municipality Decree on Local Investment Incentive
- Employment Pact
- Debrecen special research and development incentive
- Adjustment of the local public transport system
- VIP status
- Integration to the local community

**Livability**

**Living as an expatriate**
- Expat club Debrecen, experiences (Over 5 000 expat residents in Debrecen)
- International School of Debrecen (IB program) connection
- Real estates information

**Other livability factors**
- Crime statistics: registered crimes in 2015 were 20% below previous year’s figure, connection to local police
- Hotels and other temporary solutions
- Shopping and hospitality
- Culture: Museums, theatres, cinemas, carnivals and thematic festivals
- Leisure and wellness: The biggest indoor aqua park of Hungary, traditional thermal spas, ice rinks, fitness and leisure centers The Great Forest offers quality spare time opportunities for the whole family
- Sports: International sport events, first class sport teams, a new stadium with a capacity of 20 000, indoor and outdoor swimming pools, regular mass sport events
- Health services: Clinical department of the university of Debrecen, Public and private hospitals, clinics and services in general and dental care

**Other**

**Logistics**
- Services, point of contacts, prices

**Establishing business information**
- Contacts for lawyers (English speaking as well), bookkeepers, auditors

**Temporary offices**

**Supplier database**

**Sustainability**
Highest aid intensity in EU

National incentives

- Non-refundable cash subsidies
- EU co-financed funds
- Development tax allowance
- Training subsidy
- Workshop establishment and development aid
- Social tax allowance
- Wide range of other tax base allowances

Debrecen local incentives

- Employment Pact
- **Local Investment Cash Incentive Programme**
- R&D Tax Discount
- Adjustment of the local public transport system
- VIP status
- Dual training programme in vocational schools
- Partnership with University of Debrecen
- Integration to the local community
Experiences

<table>
<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects</td>
<td>22</td>
<td>56</td>
<td>49</td>
<td>127</td>
</tr>
<tr>
<td>Site visits</td>
<td>10</td>
<td>26</td>
<td>29</td>
<td>65</td>
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<tr>
<td>Success</td>
<td>2</td>
<td>9</td>
<td>11</td>
<td>22</td>
</tr>
</tbody>
</table>

Newcomers

Reinvestments
Where we help

VIP status

• Dedicated person from the Mayor’s Office and EDC Debrecen available to help the investor and provide fully comprehensive support in every step of the permission process.

• Find the right temporary offices to start the recruitment

• Connect to HR related authorities and present local HR companies, that helps the integration and recruitment

• Establishing connection and future collaboration with vocational schools and university faculties

• Helps on announcing the investment, gather right audiences, press connection
Where we help

Employer Branding

Media
- TV, Radio, Online media, Print

Events
- Gastronomy festivals
- Sport festivals
- Campus Festival
- Flower Carnival „Virágkarnevál”

Sponsored interface
- Educational institutions
- Transport
- Sport facilities, teams
- Főnix Event Organizer
- Crowded locales

Cooperation with Educational institutions
- Vocational Schools
- University
### Méret/alkalmazotti létszám

<table>
<thead>
<tr>
<th>Category</th>
<th>2017 (N=195)</th>
<th>2016 (N=220)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICRO (UNDER 10)</td>
<td>29</td>
<td>49</td>
</tr>
<tr>
<td>SMALL (10-49)</td>
<td>104</td>
<td>134</td>
</tr>
<tr>
<td>MIDDLE (50-249)</td>
<td>49</td>
<td>27</td>
</tr>
<tr>
<td>NAGYVÁLLALKOZÁS (250 FŐ FELETT)</td>
<td>13</td>
<td>10</td>
</tr>
</tbody>
</table>

### Last year revenue

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>2017 (N=195)</th>
<th>2016. (N=220)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DO NOT KNOW</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>UNDER 160 M EUR</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>BETWEEN 160 - 650</td>
<td>43</td>
<td>58</td>
</tr>
<tr>
<td>BETWEEN 650 - 2 MILLION</td>
<td>58</td>
<td>67</td>
</tr>
<tr>
<td>2 MILLION - 3.2 MILLION</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>3.2 - 10 MILLION</td>
<td>39</td>
<td>27</td>
</tr>
<tr>
<td>10 - 50 MILLION</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>50 MILLION UP</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>
A Debreceni üzleti index egy 0-300 indexpont közé eső érték, amely 14 különálló kérdést vesz figyelembe azonos súlyal, három kategóriában: környezeti index, növekedési index, fejlesztési index. A nagyobb érték a jobb eredmény. Az indexpont változás az általános gazdasági erősödést vagy csökkentést jelzi az üzleti szereplők szemszögéből.
DEBRECENI BUSINESS INDEX BY SIZE

179 (158)
Micro (N=29, N=49)

Environment Index: 62 (47)
Growth Index: 50 (52)
Investment Index: 67 (59)

180 (177)
Small (N=104, N=134)

Environment Index: 56 (56)
Growth Index: 53 (53)
Investment Index: 71 (68)

206 (201)
Middle and large (N=62, N=37)

Environment Index: 71 (69)
Growth Index: 51 (49)
Investment Index: 84 (82)
POSITIVE BUSINESS ENVIRONMENT

50% 2017

41% 2016
POSITIVE FUTURE EXPECTATIONS IN THE REGION

81% 2017

76% 2016
WOULD YOU RE-INVEST

73%  
2017

69%  
2016
PRESENT AND FUTURE BUSINESS IN DEBRECEN

“Excellent business environment”

Current

Business expectations
- 49% (2016. II. félév)

Market trend
- 47% (2016. II. félév)

Revenue increase
- 67% (2016. II. félév)

Total cost increase
- 85% (2016. II. félév)

Future

Business expectations
- 61% (2016. II. félév)

Market trend
- 63% (2016. II. félév)

Revenue increase
- 65% (2016. II. félév)

Total cost increase
- 52% (2016. II. félév)

10% (2016. II. félév)

18% (2017. I. félév)
75% Past investment (2017)

74% Probably future (2017)
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Backup
LABOUR FORCE AVAILABILITY

SHORT TERM — Sufficient labour pool to allow a fast and smooth ramp-up.

1. Fresh graduates — regionally ~80,000 students in University and vocational schools, 15,000 graduates per year

2. Experienced employees — 40,000 employees in manufacturing industry (Top 60 companies) in the region

3. Regionally ~7% unemployment provides a comfortable buffer

4. Attractive region for Ukrainian and Romanian workers

LONG TERM LABOUR DEVELOPMENT PROGRAM

Debrecen has launched its strategic development program to reach the total population of 300,000 by 2050, via strengthening its role as a regional center.

1. Higher and vocational education development
   • university strategic plan: from 30,000 to 50,000 students by 2050
   • increase students in vocational education by 30% until 2025, via investments in training capacity and active scouting

2. Long Term Labour Programme — Debrecen Urban & Economic Development program to attract new inhabitants (see attachment)
Undergraduate System

- 45 Nurseries
- 36 Elementary schools
- 37 Grammar and vocational schools

Language classes: English, German, Latin, French, Italian, Spanish, Russian, Chinese, Finnish

Bilingual education: In 9 schools (French, English, Spanish, German, Italian)

Dual vocational program

IB international school start in September 2019

University System

- The largest Hungarian higher education institution outside Budapest (30,000 students)
- Wide range of programs in 14 faculties
- 25 doctoral schools with ~1,000 PhD students
- 5,000 foreign students from 105 countries
- Outstanding academic staff: ~1,700 faculty members (including 142 Doctors of Science and 932 members with PhD degree)
- University with Research Excellence
Will I have enough good workers?

The factors of workforce availability in different time horizons

- **Short**
  - Existing industry

- **Medium**
  - Education

- **Long**
  - Demographics
WORKFORCE AVAILABILITY – SHORT TERM

Ideal location

• diverse portfolio of companies in similar industries
• sufficient number of employees with relevant skills and experience
• mid-large companies, preferably with international background
• Close to Ukrainian, Slovakian Romanian border

Debrecen

• 40,000 employees in the region at the major manufacturing employers
• 18,000 in vehicle or machine industry
• strong international background (Germany, USA, UK, France, Israel, Netherlands, Italy etc.)
• large recruitment pool to hire project team and middle management
**Ideal location**

- extensive infrastructure in vocational education
- appropriate curriculum and training method
- major university with strong engineering faculties

**Debrecen**

- 1,751 annual fresh graduates in engineering vocational training in Debrecen, further 3,200 in the region
- healthy co-operation with industry
- dual training opportunities both in vocational and university level
- university very strong in engineering and other supporting fields (finance, IT etc.)
**Fresh graduates – Vocational school**

<table>
<thead>
<tr>
<th>Vocational school</th>
<th>Yearly Graduate</th>
<th>Current Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debrecen region – Engineering vocational</td>
<td>1,751</td>
<td>8,757</td>
</tr>
<tr>
<td>Commuting region (Miskolc, Nyiregyhaza, Oradea) – Engineering vocational (est.)</td>
<td>3,200</td>
<td>16,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,951</strong></td>
<td><strong>24,757</strong></td>
</tr>
</tbody>
</table>

**Fresh graduates - University**

<table>
<thead>
<tr>
<th>University/Faculty</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Total</th>
<th>Current students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debrecen – Engineering, IT, Science</td>
<td>1,674</td>
<td>1,634</td>
<td>1,629</td>
<td>4,937</td>
<td>7,720</td>
</tr>
<tr>
<td>Debrecen – Economics, Linguist</td>
<td>1,374</td>
<td>1,153</td>
<td>1,197</td>
<td>3,724</td>
<td>5,246</td>
</tr>
<tr>
<td>Miskolc, Nyiregyhaza, Oradea - Engineering , IT, Science,</td>
<td>1,569</td>
<td>1,529</td>
<td>1,497</td>
<td>4,595</td>
<td>7,484</td>
</tr>
<tr>
<td>Miskolc, Nyiregyhaza, Oradea - Economics, Linguist</td>
<td>1,748</td>
<td>1,723</td>
<td>1,787</td>
<td>5,258</td>
<td>8,936</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,365</strong></td>
<td><strong>6,039</strong></td>
<td><strong>6,110</strong></td>
<td><strong>18,514</strong></td>
<td><strong>29,386</strong></td>
</tr>
</tbody>
</table>

**Experienced labour – in the region**

<table>
<thead>
<tr>
<th>Automotive</th>
<th>Electronics</th>
<th>Plastic</th>
<th>Other Mnfg</th>
<th>ICT</th>
<th>Pharma</th>
<th>Metal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of people</td>
<td>17,663</td>
<td>7,289</td>
<td>4,077</td>
<td>3,938</td>
<td>3,027</td>
<td>2,100</td>
<td>1,906</td>
</tr>
<tr>
<td>% of total</td>
<td>44%</td>
<td>18%</td>
<td>10%</td>
<td>10%</td>
<td>8%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>
**Ideal location**

- sizable population
- good regional transportation network to help commuters
- population at least stagnating, preferably increasing

**Debrecen**

- 250,000 citizens in Debrecen metropolitan area, ~1 million in commuting distance
- growing population
- active policies to increase the speed of population growth
Debrecen development strategy
Major labour market trends in CEE

1. **Near-shoring**
   Western European multinationals expansion to CE, both in manufacturing and service sectors

2. **Emigration to Western Europe***
   Outflow of skilled labour to Western Europe

3. **Shortage of high-skill labour***
   Gap between the share of high-skill labour in total employment and the same share in total population

4. **Skill mismatches***
   Available skills often do not meet employer demand

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*IMF - Regional Economic Issues 2016 - Central, Eastern, and Southeastern Europe How to Get Back on the Fast Track. Page 24-26
Addressing the trends: Debrecen Long Term Labour Programme

1. Increase population from 250,000 to 300,000 by 2050
   addressing the near-shoring and western emigration trends

2. Increase the number of students from 72,000 to 100,000 by 2030*
   addressing the high-skill labour shortage trend

3. Align the labour market supply to labour market demand
   addressing skill mismatches trends

* +15% increases in the vocational education from ‘16 to ‘17 and expected 20% increase from ‘17 to ‘18
1. **Increase population from 250,000 to 300,000 by 2050**

- **Affordable housing programme** – introducing municipally managed large scale rental housing and workers’ home program
- **Quality of life programmes** – Candidate for Cultural Capital of Europe in 2023, Nagyerdei Spa and Zoo reconstruction, public transport/road/bike lane developments, green city programme, Smart City
- **Quality jobs programme** – increase FDI and strengthen the local SME sector via
  - dedicated professional team at EDC Debrecen
  - infrastructure development: industrial park, quality offices, motorway, airport, Central Station etc.
  - local tax and cash incentives
2. Increase the number of students from 72,000 to 100,000 by 2030

- **University Development Programme** – Student hostel programme, infrastructure and headcount development in the field of engineering, IT and medical studies, University Innovation Center, European Energetic Study Centrum
- **Public Education Development Programme** – renovation and enlargement of 11 nurseries, 23 kindergartens, 3 elementary and 3 vocational schools; establishing 2 new student hostels
- **International School of Debrecen** – International Baccalaureate (IB) program school with 500 students in all ages between 3-18 by 2019
3. **Align the labour supply to market demand**

- **Employment Pact** – Align the vocational and adult education program to the market needs, channel European Union and Hungarian Government financed labour programmes to local needs, implementing more active labour market local policies.

- **Vocational School Alignment** – Introduce Industry 4.0 and Shared Service Educational programme to vocational schools.

- **Debrecen Digital Literacy Program** – Industry-NGO-Municipality-Educational institutes co-designed program to increase the digital literacy of the citizens.

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**Digital literacy**

Each and every citizen has the inalienable right to acquire digital literacy skills.