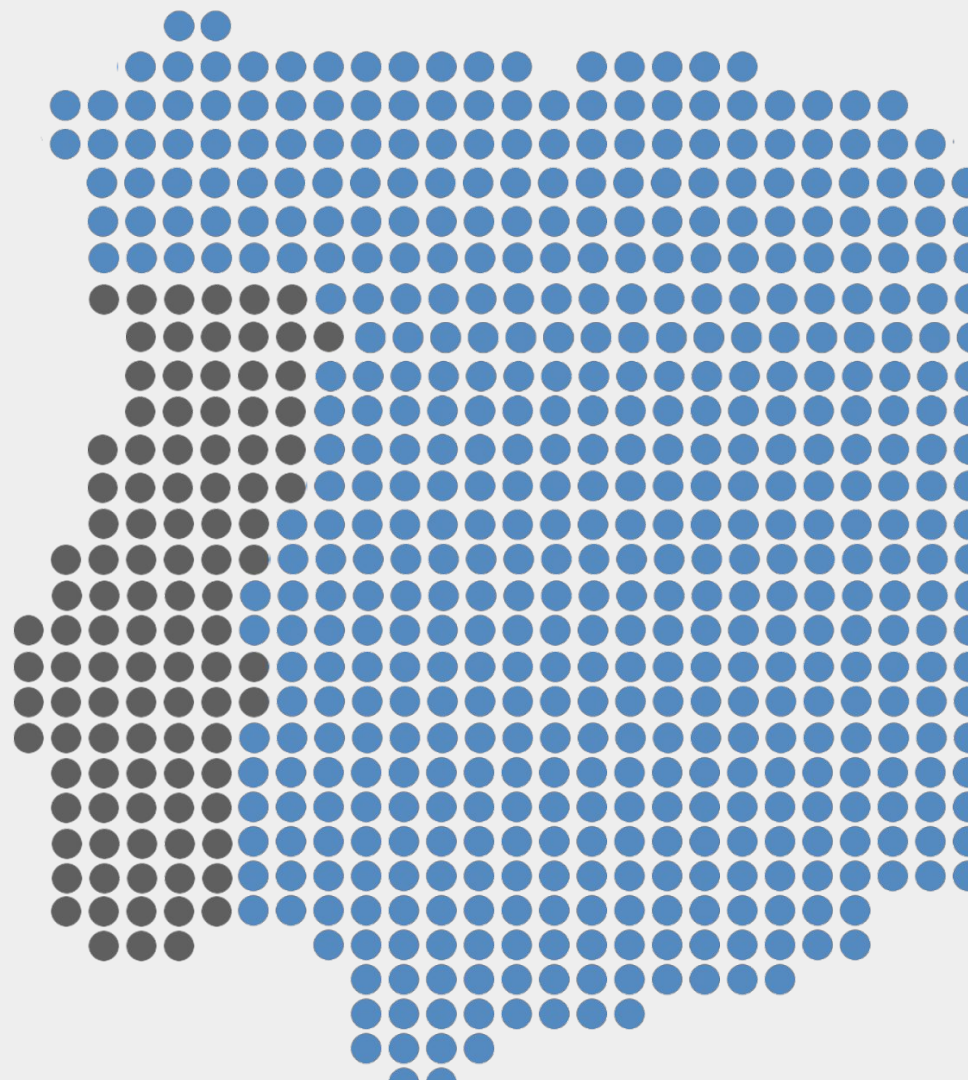


Market opportunities in Spain - Automotive and mobile work machines sector

www.inseltrade.com



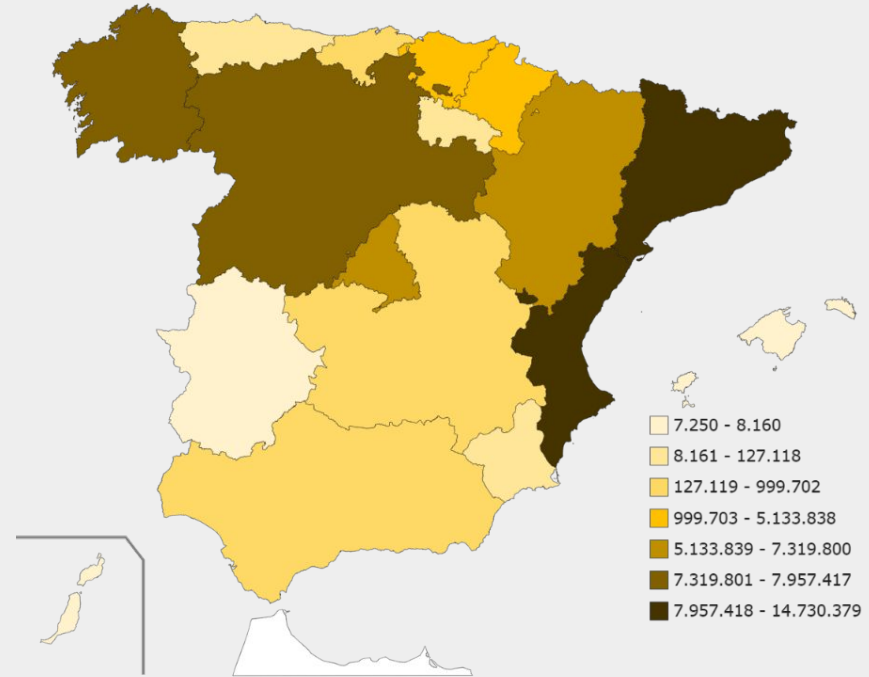
SPAIN – ADMINISTRATION IN A NUTSHELL

- Spain is divided into 17 autonomous communities and two autonomous cities
- Each autonomous community has assumed a set of administrative competences, which are defined in their regional laws
- Autonomous communities are in turn divided into one or more provinces, in total there are 50 provinces in Spain
- The administrative importance of the provinces has declined since the adoption of the system of autonomous communities



OVERVIEW OF THE SPANISH AUTOMOTIVE INDUSTRY

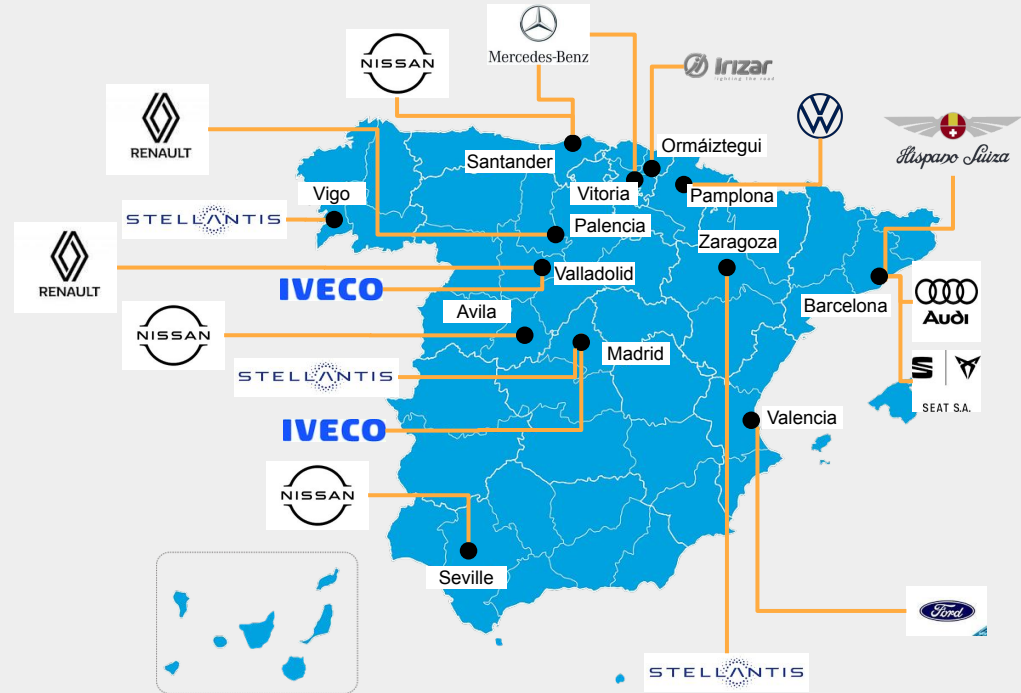
- The automotive industry in Spain consists of more than 1.000 companies
- Manufacturing vehicles and vehicle components accounts for approximately 7,7% of Spain's GDP
- Spain is after Germany the 2nd largest car manufacturer and the 4th largest vehicle component manufacturer in Europe
- In 2021 86% of the vehicles and 60% of the components produced in Spain were exported generating 18% of Spain's total exports and a trade surplus of 19 B€
- The automotive industry in Spain invests yearly an average of 4 B€ in the extension and modernisation of existing production facilities



Regional distribution of the turnover of automotive industry in 2020 (in k€)

VEHICLE PRODUCTION IN SPAIN

- 10 OEM manufacturer groups operate currently 17 production facilities in Spain after Nissan's manufacturing site in Barcelona was closed in December 2021
- In 2022 the factories in Spain produced a bit over 2,2 million vehicles, up 5,8% from the year before
 - 1.787.197 passenger cars
 - 432.239 industrial and commercial vehicles
- In the end of 2022 the vehicle factories in Spain provided direct employment to more than 66.000 persons



VEHICLE COMPONENT PRODUCTION IN SPAIN

- The combined turnover of the companies producing vehicle components in Spain was 37.668 M€ in 2022, up 17% from the year before
- 60% of the turnover came from exports
- The sector invested 1.231 M€ to R&D and innovation programs
- In the end of 2022 the vehicle component production in Spain provided direct employment to 203.060 persons

Some of the large car component manufacturers with factories in Spain

Company	Subsector *	Nr of sites in Spain	Turnover reported in Spain 2021 (M€)
Grupo Antolin	D,E, I	7	4.450
Gestamp	B, C, D	27	10.726
CIE Automotive	B, C, P, R, I	21	3.838
Teknia	B, C, D, P, E, I, S	9	324
Fagor Ederlan	C, P	1	114
Ficosa	E, I, M, S, W	5	1.150
Mahle Electronics	E	73	214
Plastic Omnium	E, I	7	671
Forvia	D, E, I, P, S	24	800 **
Adient Seating	S	5	404

* B - Body
 C - Chassis
 D - Doors
 E - Electronics
 I - Interior and exterior trim
 M - Mirrors and rear view
 P - Powertrain

R - Roof systems
 S - Seating
 W - Washer and cleaning systems

** Approximation after the merger of Faurecia and Hella

HOT TOPICS IN THE SPANISH AUTOMOTIVE INDUSTRY

- Transition to electric vehicles
 - The share of registered electric vehicles in Spain (BEVs and PHEVs) in 2022 was more than 50% lower than in Portugal, France or Germany
 - Share of electric vehicles manufactured in Spain is behind other big manufacturing countries
- Intelligent and connected vehicles require new skills and competences
 - AI will change not only the driving experience but also the manufacturing process and the information management in the factories
 - The value of electronics is estimated to account for almost 50% in 2030 of the cost of a car, up from roughly 35% in 2020
- Regulatory uncertainties
 - Automotive industry in Spain sees that the Euro 7 emission standards proposed by the EU would hit hardest the manufacturers of smaller vehicles which make up most of the cars made in Spain - eight countries, including France and Italy, have called EU to scrap the Euro 7 plan

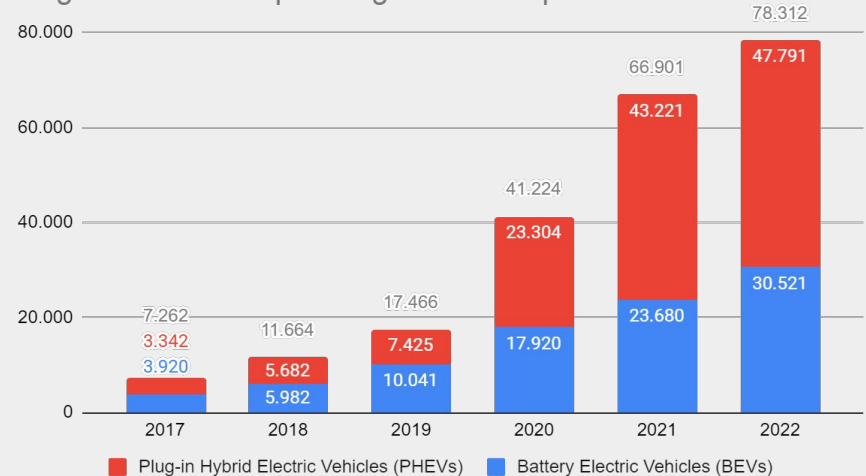
GOVERNMENT POLICIES AND INITIATIVES

- The Spanish government has implemented several policies to encourage the development of electric vehicles and related industries
- The policies include for example tax incentives, subsidies for EV purchases, and investment in EV charging infrastructure
- Additionally the manufacture of the electric and connected vehicles has been identified as one of the strategic areas of investment by the Spanish government
- Government has gathered all the strategic investment projects under Recovery, Transformation and Resilience Plan (PERTE) program
- PERTE VEC, the investment program for electric and connected cars, was announced in 2021 with funds for public investment of 4.295 M€, private investment in the approved projects is expected to be around four times higher
- So far about 25% of the budgeted public investment has been allocated, the rest is expected to be granted in two rounds during 2023
 - PERTE VEC II category A is specific for batteries, open for applications 17.07.-15.09.2023
 - PERTE VEC II category B is a general call for any technology open for applications 16.08.-15.09.2023

ELECTRIC VEHICLES AND CHARGING INFRASTRUCTURE IN SPAIN

- In the end of 2021 the share of electric (BEVs and PHEVs) passenger cars in use in Spain was 0,6%, well below of the EU average of 1,5%
- Out of the all passenger cars registered between 2017 and 2022
 - 92.064 (1,5% of the total) were Battery Electric Vehicles (BEVs)
 - 130.765 (2,0% of the total) were Plug-in Hybrid Electric Vehicles (PHEVs)
- In the end of March 2023 the number of public charging points in Spain was 20.243 or 425 per million inhabitants vs. EU27 average 1.073 charging points per million inhabitants

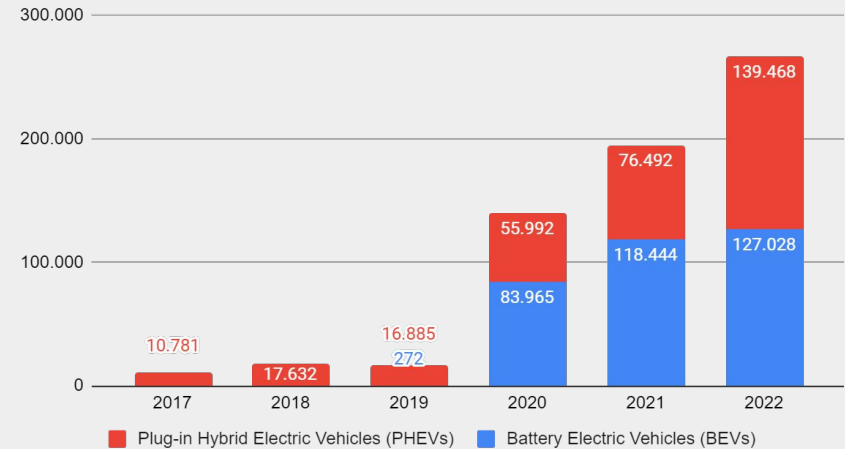
Registered electric passenger cars In Spain



ELECTRIC VEHICLES - OEMs 1/2

- In 2022 Spanish car factories produced 266.496 electric vehicles, accounting for about 12% of the total of 2.219.436 vehicles
- Out of the electric vehicles produced in Spain
 - 127.028 (5,7% of total) were BEVs
 - 139.468 (6,3% of total) were PHEVs
- The share of electric vehicles produced in Spain has grown steadily but it is clearly lagging behind Germany, the largest vehicle manufacturer in Europe, where the share of electric cars of the total production was in 2022 about 25%

Production of electric vehicles in Spain



ELECTRIC VEHICLES - OEMs 2/2

- In 2022 Stellantis was the only major OEM manufacturing BEV passenger cars in Spain
 - Stellantis produced 112.768 BEVs in its three Spanish factories in 2022 (passenger cars and vans)
 - The company invests 600 M€ in its factory in Vigo to increase the capacity to produce BEVs, the upgrade should be operational by 2026
 - From 2025 on all Stellantis electric vehicles will be based on STLA platform
 - In March Stellantis assigned STLA Large to its factory in Cassino (Italy), so far the company has not made a firm decision of bringing STLA to Spanish factories
- Ford, Seat and Volkswagen currently produce PHEVs in their Spanish factories, all three have announced their plans to start production of BEVs in Spain in 2025
- Mercedes Benz currently produces two models of BEV vans in its factory in Vitoria, in 2025 the factory will start the production of new van based on Mercedes Benz' new platform VAN.EA
- Irizar e-mobility produces BEV buses and trucks in Ormaiztegi in Basque Country

BATTERY TECHNOLOGY - GIGAFACTORIES 1/2

- Volkswagen AG's battery company Powerco announced in 2022 that it will build its second European gigafactory in Sagunto, near Valencia
 - The works in the lot have started and the factory should be operational in 2026 with an initial capacity of the factory is 40 GWh with option to increase it to 60 GWh
- Chinese group Envision AESC has started the earthworks in the lot in Navalморal de la Mata in the province of Caceres where it plans to build its third European factory
 - The factory is planned to be operational in 2030 with a capacity of 30GWh
 - Envision will presumably apply for funds from PERTE VEC II program



● Lithium deposits in Spain and Portugal

BATTERY TECHNOLOGY - GIGAFACTORIES 2/2

- Basquevolt, backed by the public administration of Basque Country and Spanish energy and automotive giants will build a solid-state battery factory in Vitoria in Spanish Basque Country
 - Basquevolt's prototype production line should be ready by the end of 2023
 - The factory is planned to be operational in 2027 with a capacity of 10 GWh
- Slovakian group Inobat announced in July 2023 that the company will apply for funds from PERTE VEC II program to build its second European gigafactory in Valladolid
 - The planned capacity of the factory is 32 GWh
- Stellantis is said to be planning its next battery plant either in Portugal or in Spain
 - The company produces currently electric vehicles in both countries
- BYD is also looking for a European location for its gigafactory
 - Germany, France and Spain are said to be the strongest candidates

OPPORTUNITIES IN THE SPANISH AUTOMOTIVE INDUSTRY

- Technologies to battery factories and related mining prospects
 - Several gigafactory projects have been already announced in Spain and there are more in the funnel
- Industry 4.0 and related technologies
 - According to KPMG's 23rd Global Automotive Executive Survey Spanish executives see capability gap in industry 4.0 technologies (e.g. machine learning, advanced robotics, 3D printing) and half of the respondents said that the companies are at best moderately prepared for industry 4.0
- Solutions for vehicle weight reduction
 - Both OEMs and Tier suppliers are looking for ways to reduce the total weight of the vehicles
- Solutions to help in complying circular economy regulations
 - EU's End-of-Life Vehicles (ELV) Directive requires that new vehicles are reusable and/or recoverable to a minimum of 95% by weight per vehicle

MANUFACTURERS OF OFF-ROAD VEHICLES

Urovesa (<https://urovesa.com/en>), turnover 61M€ (Barcelona)

- Manufacturer of special off-road vehicles for defence, security, industry and civil applications



MANUFACTURERS OF CRANES



Jaso Industrial (<https://jasoindustrial.com/en-fi/>), turnover: 55M€ (Gipuzkoa)

- Manufacturer of automated cranes on rails



GH cranes (<https://www.ghcranes.com/en/>), turnover: 89M€ (Gipuzkoa)

- Manufacturer of cranes and rubber wheel gantries



MANUFACTURERS OF SPECIAL VEHICLES

CAF (<https://www.caf.net>), turnover: 1600M€

- Manufacturer of trains, wheelsets, electric traction system, energy storages, railway control and communication systems, railway signalling systems, buses.



AUSA (<https://www.ausa.com/en-fi/>), turnover: 87M€

- Manufacturer of small dumpers, forklifts and telehandlers, also electric powered versions



TECNOVE (<https://www.tecnove.com/en/homepage/>), turnover: 34M€

- Manufacturer of vehicles for healthcare, airports and defence



INDCAR (<https://indcar.es/en/>), turnover: 18M€

- Manufacturer of wide range of mini buses, also CNG powered

Piquersa Maquinaria (<https://www.piquersa.es/lang-en/>), turnover 5M€

- Manufacturer of small dumpers, sweepers, concrete mixers and forklifts



OFF-ROAD FACTORIES AND R&D CENTERS IN SPAIN

John Deere, Factory, Madrid

- Produces axes, gears and transmissions for agricultural machinery and of construction for the factories of John Deere all over the world.

NEWS

Electric pick-ups and lorries to be manufactured under old Spanish brand name Ebro

- First prototypes ready in mid-2023, mass production starts Q3/2024, capacity 50 000 units in 2027.
- Production line is assembled in the former Nissan factory that is in Barcelona.
- To be followed up.



John Deere opens its high-value crop innovation centre in Madrid 2022

- This is the company's first in Europe and represents an investment of 10 million euros.
- It aims to drive innovation in the Agrotech segment in five main areas: automation, electrification, connectivity, artificial intelligence and integrated agricultural systems.
- Companies from the industry, startups and educational centres, as well as public and private institutions, will all participate in the open innovation model offered by the new centre. In this way, the company aims to bring together entrepreneurial initiatives that are relevant to the agricultural industry and, above all, to drive innovation in high-value crops.
- The companies taking part in the project include AGQ Labs, Agromillora, Azud, BASF, ID David, Metos, Teyme Group and Yara, which will be joined for a year by the fifteen startups selected through the European accelerator EIT Food. Parla City Council and the Polytechnic University of Madrid (UPM) are also collaborating with the centre. The John Deere corporate chair has in fact been created together with this institution, and will serve to channel training and scientific outreach activities, as well as doctoral and research scholarships.



TRADE FAIRS ON THE SECTOR



TRAFIC Madrid (<https://www.ifema.es/en/trafic>), 24-26th of October 2023

- An International Exhibition for Safe and Sustainable Mobility, ist the 18th edition within the 2nd framework of Global Mobility Call.
- TRAFIC 2023 will have a particular focus on the connectivity, digitalisation and efficiency of road safety.
- The Global Mobility Call was created so Spain could lead the way towards international sustainable mobility.
- The last edition of TRAFIC held in November 2021 brought together over 3,500 high-level professionals and 55 businesses who demonstrated the R&D capacity of the sector.
- TRAFIC's sectors will be included in the Global Mobility Call, completing its offering, which is structured around Infrastructure, Road Safety, Parking, Traffic Management, Last Mile Delivery and Smart Mobility.
- TRAFIC is the meeting place for the main players in sustainable mobility, who continue to foster and support the use of new transport models with digitalisation and safer, more efficient use of transport and infrastructure.

- These players include the strong support of the Ministry of Transport, Mobility and the Urban Agenda, which also supports the Global Mobility Call, and the Directorate-General for Traffic (Ministry of the Interior), which has backed TRAFIC since the beginning, as well as the rest of the involved government bodies and sector entities and associations.



Global Mobility Call Madrid (<https://www.ifema.es/en/global-mobility-call>), 24-26th of October 2023

- It is a congress and expo
- The only international event on Sustainable Mobility of People and Goods that connects all industries and stakeholders
- The aim is to generate experiences, networking and business between Companies, City Councils, Institutions, Administrations and other organizations.
- +5600 on-site professionals, 112 participating companies and 390 speakers

TRADE FAIRS ON THE SECTOR

Smart Mobility Valencia (SMV) 2023, 25-27th of October 2023

- This is the 3rd edition organised by Valencia Automotive Cluster (AVIA) and Mobility Innovation Valencia (MIV)
- There is room for all sectors, agents and institutions that have something to say about the challenges, solutions and novelties that a new, more sustainable, intelligent and connected mobility poses.
- The last edition of Smart Mobility Valencia managed to brought together more than a thousand people and close to 70 exhibitors from the national and international field of smart and sustainable mobility.
- Pre-registration is now open, so if you are interested in attending and learning about the latest trends in products and services in the field of sustainable mobility or are interested in participating, either as a speaker or as an exhibitor, you can express your interest in the form that you will find below

<https://avia.com.es/evento/smart-mobility-valencia-2023-abre-su-preinscripcion/>

(THIS INFORMATION WILL BE UPDATED BEFORE THE PRESENTATION IN AUGUST)



TRADE FAIRS ON THE SECTOR

SMOPYC Zaragoza (<https://www.feriazaragoza.com/smopyc-2023>)

- International fair for mining, public work and construction.
- Organised every third year. Next time 22-25th of November 2023, which is the 19th edition.
- Figures of 2021 Edition
 - Biggest event of the sector in Spain
 - 67953m2 of hall area and 15300m2 outdoor area
 - 52000 visitors from 36 countries
 - 926 exhibitors from 29 countries
 - Visitor profile by sector: Construction and subcontractors (29%), machine operators (13%), manufacturers (13%), machine rental companies (10%)
- Inseltrade organises a joint stand for 5-7 Finnish companies. Deadline for registration: 15th of September for lower price and 29th of September for full price.
- More information: jukka.kivijarvi@inseltrade.com, +34 629 113 719

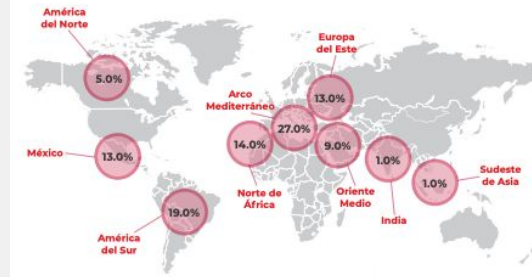


83.253 m²
Superficie de exposición

● Pabellones
● Área exterior



PROCEDENCIA VISITANTE INTERNACIONAL



TRADE FAIRS ON THE SECTOR

MWC Barcelona (<https://www.mwcbarcelona.com/ecosystem/automotive>)

- Every year in February-March
- Also automotive sector present under connected vehicles theme



Automobile Barcelona (<https://www.automobilebarcelona.com/en>)

- Organised in every may and it lasts one week.
- Two days are dedicated for the press and industry professionals
- To be organised next time in May 2024.
- Exhibits major car manufacturers and their newest models
- In 2023 had a strong focus on electric cars and a traffic electrification
- Automobile Barcelona is the only event in Spain with international recognition from the OICA (Organisation Internationale des Constructeurs d'Automobiles)

AUTOMOBILE
BARCELONA

TRADE FAIRS ON THE SECTOR

FIAA Madrid(<https://www.ifema.es/en/fiaa>)

- For coaches and regular buses
- Organised every other year. Next time in October 22-25th, 2024
- FIAA is where the bus and coach industry meet passenger road companies, and new bus and coach models are presented.
- The leading fair in Spain and Portugal for the sale of services, materials and components for bus fleets
- FIAA covers three key market roles: marketing, innovation and knowledge.
- In last edition there were 10500 visitors and 250 brands from 47 countries

fiaa  22-25 OCT 2024



AUTOMOTIVE CLUSTERS

Aragon

<https://caaragon.com/>



Madrid

<http://www.mcautomocion.es/>



Cantabria

<https://giracantabria.com/>



Navarra

<https://clusterautomocionnavarra.com/>



Castilla y León

<https://www.facyl.es/>



La Rioja

<https://www.aeriojaautomocion.es/>



Catalonia

<https://www.ciac.cat/>



País Vasco

<https://www.acicae.es/>



Galicia

<https://www.ceaga.com/>



Valencia

<https://avia.com.es/>



HOW TO GO TO THE MARKET

There are typically four basic go-to-market approaches

1. Direct customer contacts
2. Direct customer contacts with local partner
3. Reseller or integrator collaboration
4. Setting up a country office

It is recommended to use a mix of all these methods and evaluate when and how to use each of them.

For example, meeting customers directly with or without a local partner is a good way to get familiar with the market. Local partner normally speeds up the process and helps to keep the lead warm after the first meeting.

Later, when the company has reached better market presence, reseller or integrator can take care of sales.

Setting up a country office, virtual or legal entity, indicates that company is committed to the market.

Customers usually expect local customer support, service and maintenance organisation.

Spanish office hours are typically from 8 to 18 (EET: 9-19) which is the minimum requirement you have to provide a support.

Also regular customer meetings and visit are appreciated and customer knows that you are committed to them that makes also them more loyal to you.

GO TO MARKET EXAMPLE 1

A production line equipment provider has a **diverse go-to-market** approach

1. With the help of the local consultant **contacts are made directly to local manufacturers** of a specific segment **to book meetings and to get RFQs**
 - Local consultant follows up the rapidly changing business environment of a novel business segment, tracks up new opportunities and ensures that all target companies are contacted.
 - The local consultant facilitates and supports the sales negotiations as needed but the company processes RFQs. What support is needed from the local consultant is decided case by case.
2. With the help of the local consultant **local integrators are contacted** for a business partnership offer
 - On behalf of the company the local consultant lists integrators, contact them and propose a partnership.
 - The partnership negotiation is conducted between the company and the integrator.
3. Using the local consultant as an integral part of a company sales team **contacting directly to a specific customer segment**
 - For a well established business segment, on behalf of the company, the local consultant search and contact leads, propose a product offering, prepares quotation, close deals and facilitates delivery, commissioning etc., and provides 1st tier customer support.

GO TO MARKET EXAMPLE 2

A production line testing equipment provider has a local consultant for **direct sales** approach + local partner for **after sales activities**

1. A local consultant search new leads, books meetings and participates in meetings
 - Required support level is decided case by case. The company may want to take care of some accounts while the local consultant takes care of other accounts
2. The company has another local partner for equipment integration, services and maintenance
 - This partner is not actively involved in sales nor it is not seen in the web page of the company

GO TO MARKET EXAMPLE 3

A digital solution provider for fuel management used in power plants and heat centrals has **direct sales** approach

1. The local sales consultant provides sales services as an integral part of the company's sales team
 - The company approves an prioritise leads, sets sales targets and time frame
 - The local consultant search and contact leads, book meetings and forwards RFQs
 - The company present their solution in the meetings due to its complex nature and makes quotations
 - The local consultant close deals

After getting positive results of above mentioned approach the company decided to expand the approach also for its other digital solutions offering for other sectors.

GO TO MARKET EXAMPLE 4

A IoT based ambient monitoring solution provider for pharmaceutical's distribution and storage has a **direct sales & virtual sales office** approach

1. The local sales consultant provides full scale sales services as a virtual sales office
 - The company approves and prioritise leads, sets sales targets and time frame
 - The local consultant search and contact leads, book meetings, present the solution, manage RFQs and close deals
2. The local consultant also takes care of installation, deployment, training, system servicing and customer support

ABOUT INSELTRADE



Inseltrade specializes in cost-effective market opening services in Spain and Portugal. Our customers are mainly Finnish SMEs who want to ensure that expenditure is commensurate with the potential and progress in the market. Inseltrade's services cover all functions from market research to full local country office operations.

Our core team consists of four experienced consultants with several decades presence in international business, particularly in the Iberian Peninsula. Our background and skill set combine technical and commercial expertise into the effective market entry & sales services.

We have carried out assignments to several dozen Finnish companies. Our customers range from infrastructure to industry companies, from the energy sector to healthcare, from digitalization to IoT solutions.

We are a Business Finland listed partner and thus working in close cooperation with them and with the Finnish Embassy in Spain.

WHO WE ARE



In 2014 Inseltrade was founded by sales and consulting experts.



We have 20 years of experience in Spanish and Portuguese markets.



Founders have hands on experience in sales and partnering and a strong background in technology.



OUR OFFER

- Strong focus on sales.
- Customized services and flexible terms.
- We guarantee 100% customer satisfaction: no results = no pay

OUR SERVICES

We provide various market entry consulting services:



Market reports and business viability studies.

Customer and partner searches.

Sales channel development.

Complete operational local sales office services.

Our approach secures low risk and cost-efficient step-by-step go-to-market services.

Products and solutions of long sales cycle benefit the most of our cost efficient market entry services.

OUR SERVICES

We also provide



Tendering

Sales contracting

Commissioning

Technical support

Project management



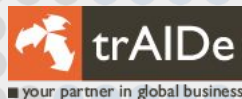
Account management

Translations

Legal checks

support for your local sales office establishment etc.

SOME OF OUR PUBLIC REFERENCES



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