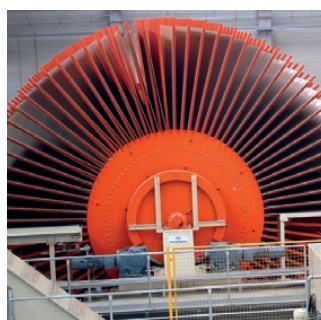
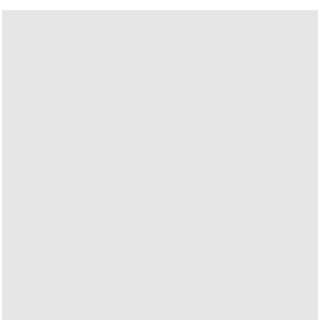
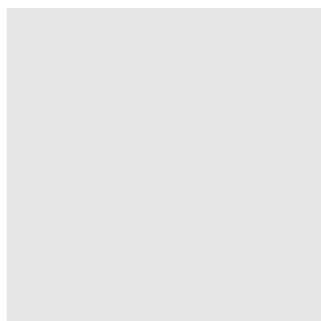
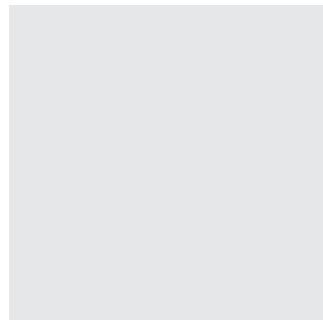
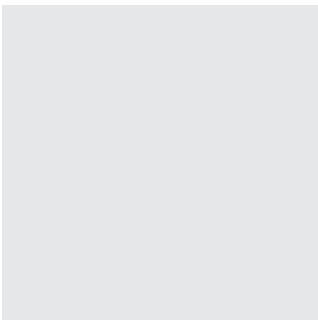
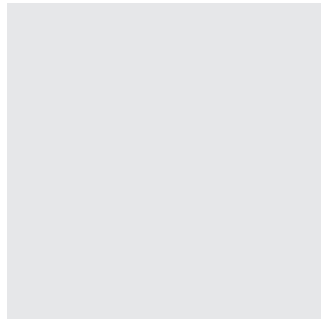
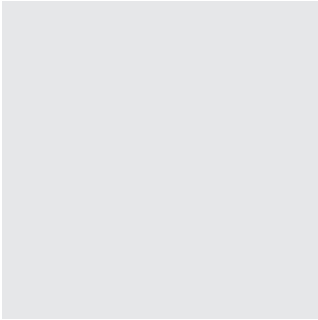


# Lapovo Furniture Cluster

Serbia



# Production Sites

with Furniture Clusters

**1** **SZCZECINEK FURNITURE CLUSTER**  
- TVILUM  
- STOL-TAP  
- GRZEŚKOWIAK  
- BHK  
- GREEN ANGEL  
- WOOD TECHNOLOGY INSTITUTE - POZNAŃ  
- ABO

**2** **SMORGON FURNITURE CLUSTER**

**3** **LAPOVO FURNITURE CLUSTER**

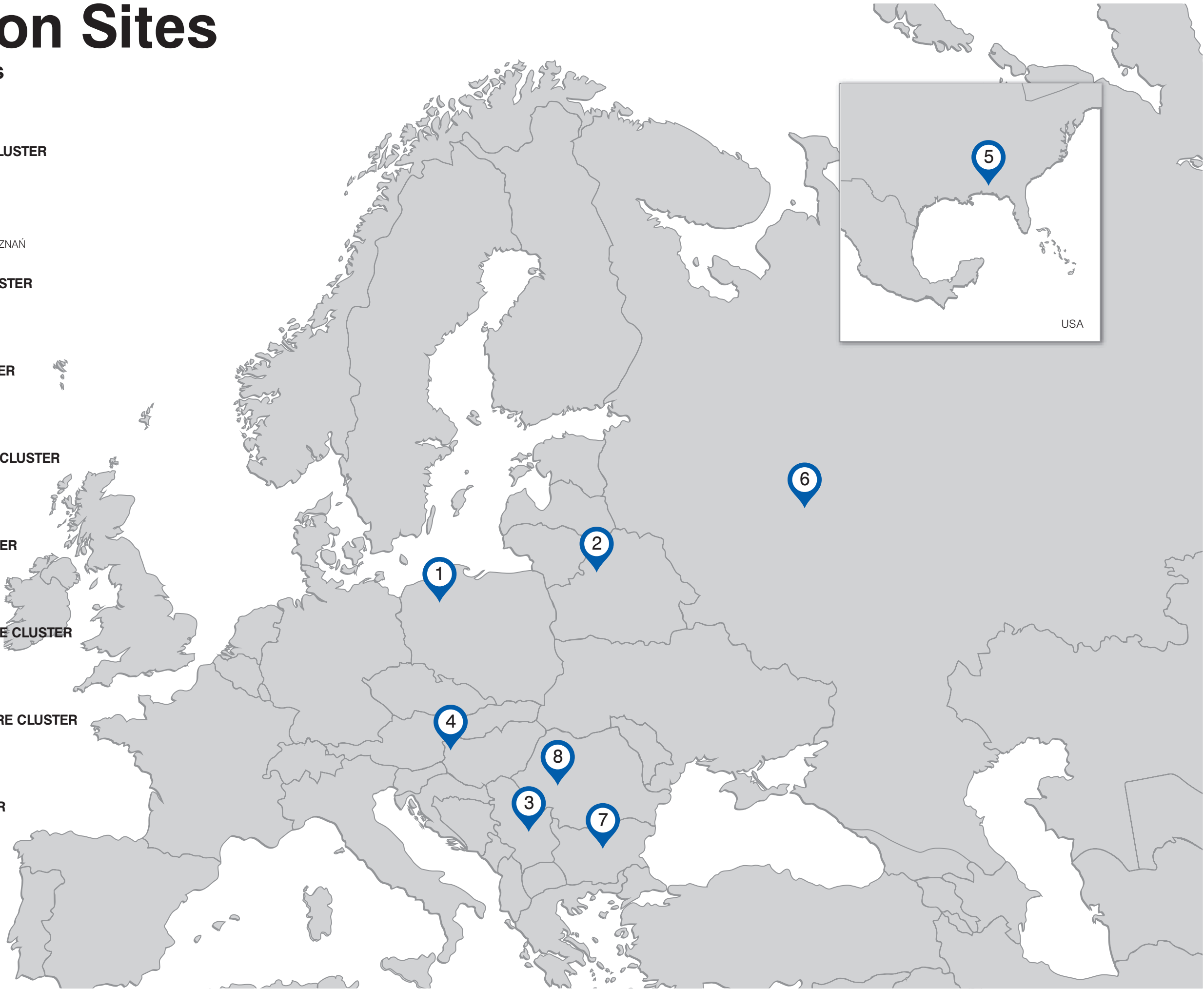
**4** **SZOMBATHELY FURNITURE CLUSTER**

**5** **OXFORD FURNITURE CLUSTER**

**6** **ELEKTROGORSK FURNITURE CLUSTER**

**7** **VELIKO TARNOVO FURNITURE CLUSTER**

**8** **SEBES FURNITURE CLUSTER**





# Support for businesses

- We would like to share our location and extend our premises in order to provide our partners with a built area to install furniture production facilities.
- The required infrastructure is already in place: Our location is equipped with high voltage power supply, gas supply, adequate water supply and waste water treatment facilities. Separate meters will be provided for the furniture factory.
- Property tax and local fees are administrated by Kronospan.
- Close proximity between the two manufacturing sites results in near zero transportation costs.
- Just in time delivery of raw and melamine-faced particleboard will result in no stock – which eliminates the burden on cash flow.
- Kronospan will keep the agreed minimum stock levels.
- We would provide you with access to our extensive product portfolio.
- You could benefit from technical support in material processing on-site. Our engineers are experienced in both furniture production technology and equipment – whether that's mechanical, electrical, automation software or robotics.
- Kronospan will support you with administrative issues, including registration of a legal entity, the local register and banks.
- We could also provide support with accounting, tax and payroll regulations as well as reconciliation of local accounting with internal reporting.
- We will assist you with your recruitment process with our HR specialists and database.
- You could receive support from the on-site Kronospan design and marketing department.



# Kronospan Worldwide

## Production Sites:

- 1

Lungötz, Austria
- 2

Salzburg, Austria
- 3

Chirk, United Kingdom
- 4

Sandebeck, Germany
- 5

Szczecinek, Poland
- 6

Poznan, Poland
- 7

Lampertswalde, Germany
- 8

Sanem, Luxembourg
- 9

Jihlava, Czech Republic
- 10

Pustków, Poland
- 11

Burgas, Bulgaria
- 12

Mielec, Poland
- 13

Danyang, China
- 14

Bischweier, Germany
- 15

Zvolen, Slovakia
- 16

Egorievsk, Russia
- 17

Sebes, Romania
- 18

Bjelovar, Croatia
- 19

Novovolynsk, Ukraine
- 20

Mohacs, Hungary
- 21

Oxford, USA
- 22

Riga, Latvia
- 23

Veliko Tarnovo, Bulgaria
- 24

Ponterosso, Italy
- 25

Spremberg, Germany
- 26

Szombathely, Hungary
- 27

Lapovo, Serbia
- 28

Strzelce Opolskie, Poland
- 29

Brasov, Romania
- 30

Kastamonu, Turkey
- 31

Smorgon, Belarus
- 32

Burgos, Spain
- 33

Salas de los Infantes, Spain
- 34

Elektrogorsk, Russia
- 35

Ufa, Russia
- 36

Mogilev, Belarus
- 37

Auxerre, France
- 38

Le Creusot, France
- 39

Ryomgaard, Denmark
- 40

Clarion, USA
- 41

Grodno, Belarus
- 42

Jaslo, Poland

## Furniture Clusters:

- 5

Szczecinek, Poland
- 17

Sebes, Romania
- 21

Oxford, USA
- 23

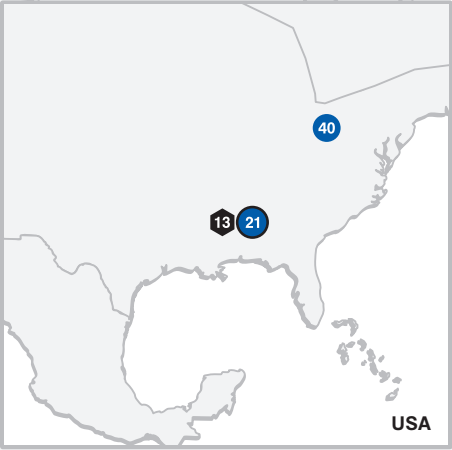
Veliko Tarnovo, Bulgaria
- 26

Szombathely, Hungary
- 27

Lapovo, Serbia
- 31

Smorgon, Belarus
- 34

Elektrogorsk, Russia



## Chemical Plants:

- 1

Chirk, United Kingdom
- 2

Burgos, Spain
- 3

Aarhus, Denmark
- 4

Lampertswalde, Germany
- 5

Szczecinek, Poland
- 6

Ostrava, Czech Republic
- 7

Strazske, Slovakia
- 8

Sebes, Romania
- 9

Mogilev, Belarus
- 10

Egorievsk, Russia
- 11

Ufa, Russia
- 12

Kastamonu, Turkey
- 13

Oxford, USA

## Distribution Centers:

- 1

Mouscron, Belgium
- 2

Tárnok, Hungary
- 3

Sofia, Bulgaria
- 4

Samara, Russia
- 5

Saint Petersburg, Russia
- 6

Kiev, Ukraine
- 7

Dnepropetrovsk, Ukraine
- 8

Penza, Russia
- 9

Ulyanovsk, Russia
- 10

Moscow, Russia
- 11

Yekaterinburg, Russia
- 12

Novosibirsk, Russia
- 13

Rostov-on-Don, Russia
- 14

Krasnodar, Russia
- 15

Goole, United Kingdom
- 16

Chatham, United Kingdom
- 17

Istanbul, Turkey
- 18

Nicosia, Cyprus
- 19

Kazan, Russia
- 20

Tbilisi, Georgia
- 21

Baku, Azerbaijan
- 22

Shanghai, China
- 23

Kaunas, Lithuania
- 24

Torun, Poland
- 25

Vtachikon, Slovakia

## Ports and Own Ships:

- 1

Gandia, Spain
- 2

Aarhus, Denmark
- 3

Szczecin, Poland
- 4

Constanta, Romania
- 5

Enns, Austria
- m/v

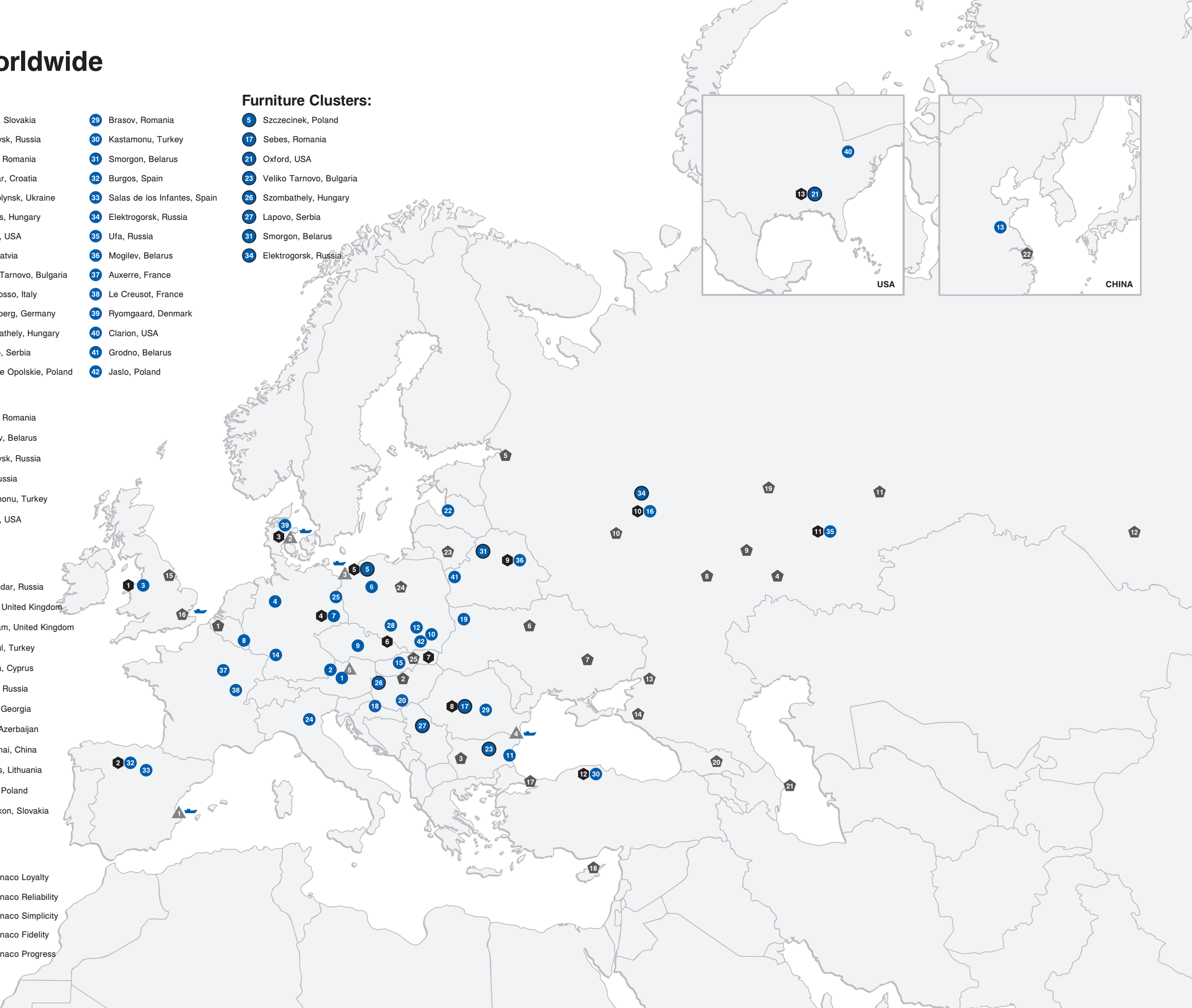
Spanaco Loyalty
- m/v

Spanaco Reliability
- m/v

Spanaco Simplicity
- m/v

Spanaco Fidelity
- m/v

Spanaco Progress





# Kronospan

## Excellence in Transforming Wood

### Over 120 years of manufacturing experience

Our core activity is the manufacture of wood-based panel products (particleboard, MDF and OSB) and related value added products. Vertical integration enables Kronospan to lead the way in both cost and innovation. We have invested in developing a vertically integrated supply chain that allows us to constantly improve upon and perfect every aspect of our products.

### Focus on the European Market

Kronospan has more than 40 production facilities and is the world leader in the manufacture of wood-based panels. For the last 20 years our major projects have been undertaken in Eastern Europe and Russia.

### Wealth creation in the medium and long term

Being privately owned means that we take a long term view rather than focusing on short term achievements.

### Decentralized organization

Kronospan is made up of several manufacturing groups. This allows decision making by local management. As a result we can be close to our customers, our suppliers of goods and services and our people. This provides a strong platform for growth. The structure also allows us to ring fence political and economic risks where appropriate. With this we get more commitment, more ideas which allow individuals and the company to grow.

### Customer service

We aim to be the most service-oriented supplier in our sector. Our extensive market coverage and wide product range give us a significant competitive advantage. At Kronospan, we are close to our customers and our locations are a maximum of 400 km or 8 hours by truck from our customers which is a key advantage resulting in reduced transport costs, hence Kronospan can offer the best package.

### Advanced technology

We have pioneered many of our industry's key advances and will continue to lead product development and innovation in the future. Our production asset quality is also first class. We are here to lead, not to follow; using for example state-of-the-art filter technology.

### Cost leadership

Although our structure is decentralised we benchmark our production sites and with the support of our technical shared service centre ensure that they remain efficient low cost producers.

### Local financing

Financing is obtained at a local level and we look for long term banking relationships. Our aim is to keep foreign exchange risks under control and therefore require finance as much as possible locally.

### Central support

We use shared services where it is important and only centralise when and where it makes sense.

### Environmental responsibility

Our aim is to manufacture with the least environmental impact and the maximum raw material yield – no waste.





# Inspiration and innovation

Kronospan is the global leader in the production of wood-based boards and panels. Our products are used everywhere: from floors and furniture to frame constructions. With over 100 years of market presence, we have accumulated a wealth of experience in many markets, continuously innovating and investing ever since the inception of our firm. All of this continues to translate into Kronospan's new products, systems and advanced technologies.

Kronospan's global product range, which is divided into Kronodesign, Kronobuild and Krono Original, offers unlimited design opportunities to make high-quality furniture, interiors or buildings.





# Accessibility

## Geostrategic location

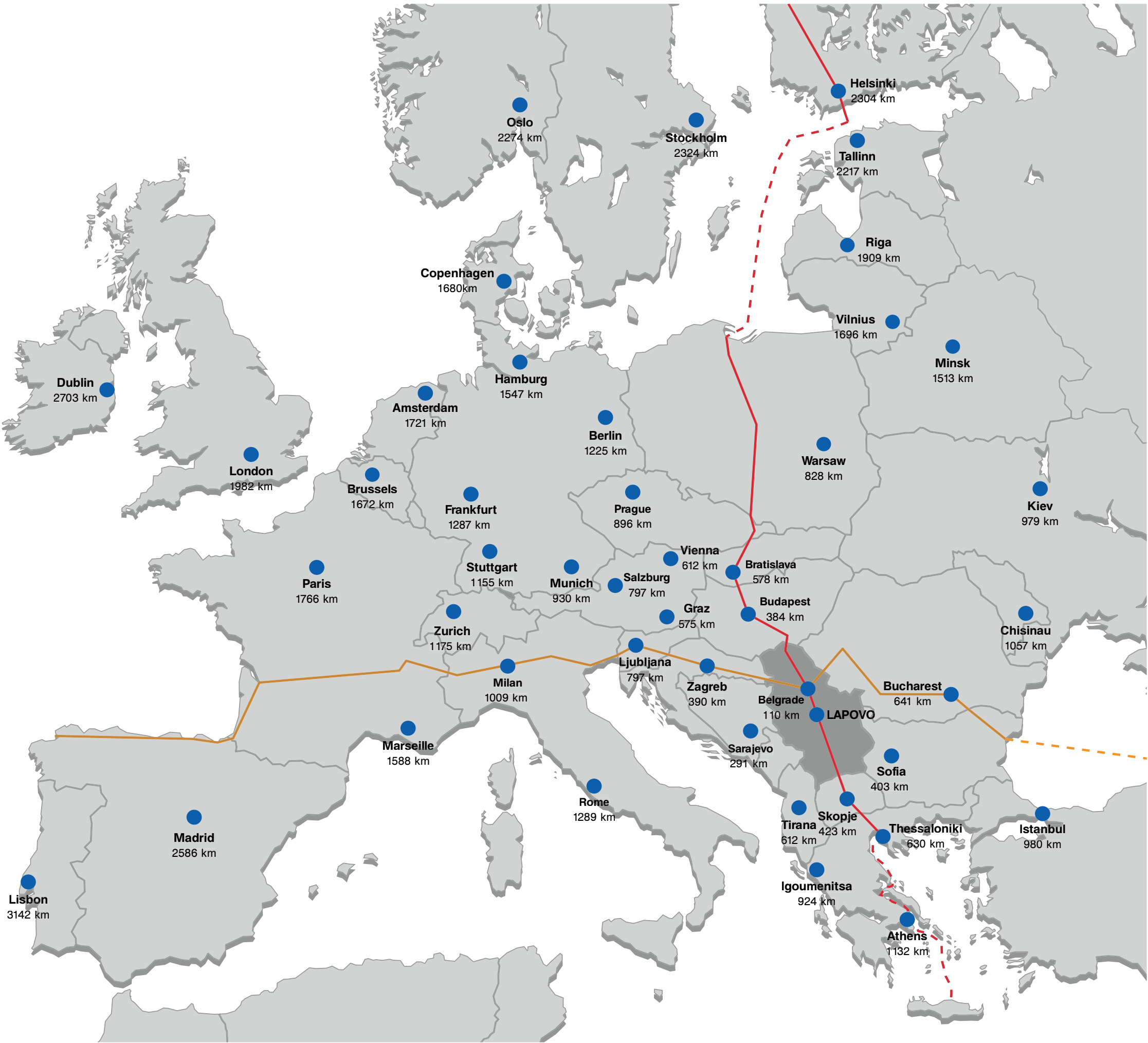
Serbia is located in Southeastern Europe.  
It benefits from excellent water, road and rail transport connections to Western Europe and Turkey.

European routes E 70 and E 75 – which provide easy access throughout Western Europe, Turkey and the Near East – meet in central Serbia.

E 70  
E 75

## Key facts

Official Name	Republic of Serbia
Form of State	Democratic Republic
Area	88 499 km²
Population	7.19 million
Official Language	Serbian
Main Religion	Orthodox Christianity
Capital City	Belgrade: 1.66 million people
Currency	Serbian Dinar (RSD)
GDP (2018)	€ 43.5 billion
GDP pc (2018)	€ 6 219





# LAPOVO FURNITURE CLUSTER

133.000 m<sup>2</sup>

available area

where the production facility could be built according to the needs of the potential partner – furniture producer

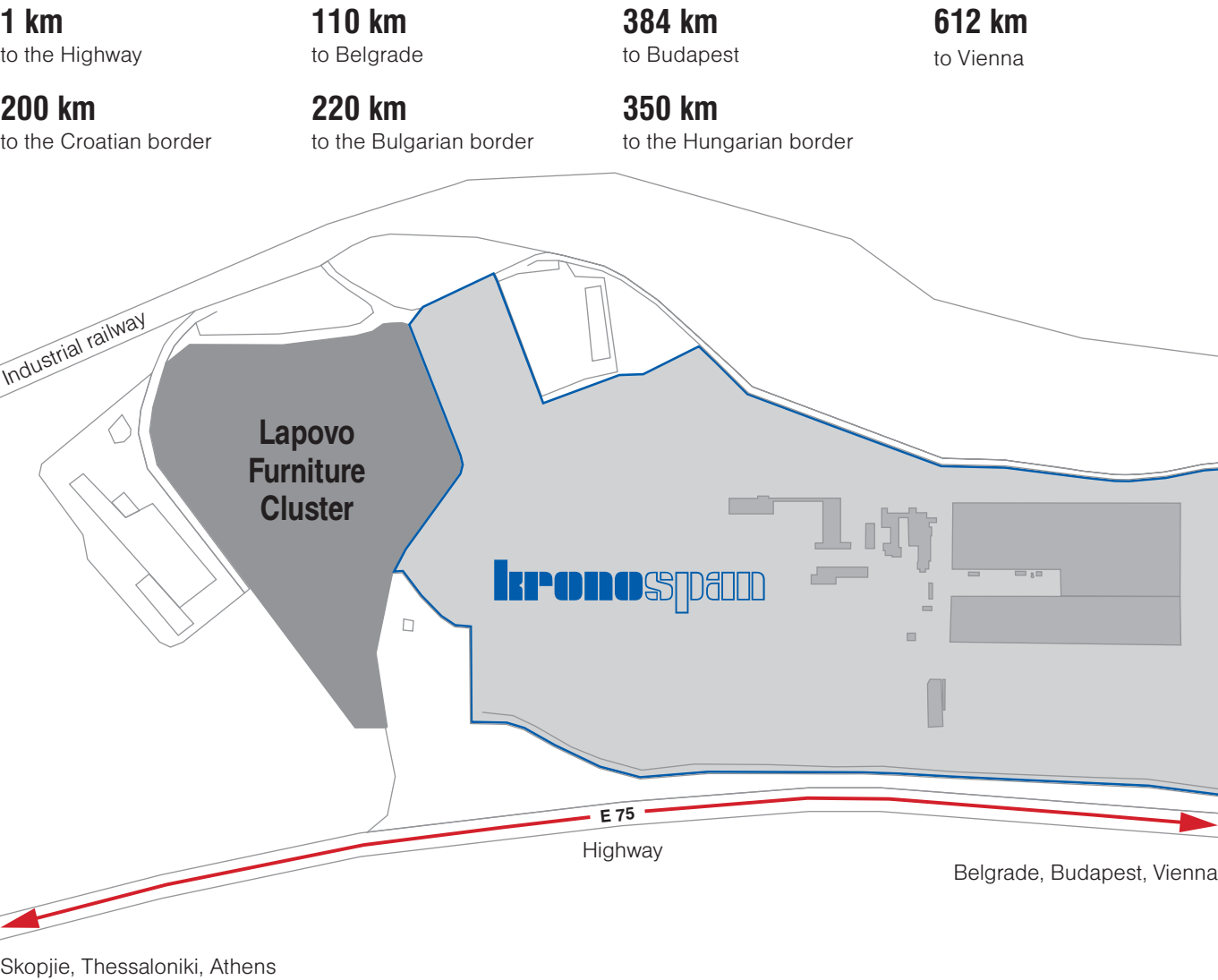
Utilities to site

- gas  
supply
- electricity  
supply
- water  
supply

Railway connection

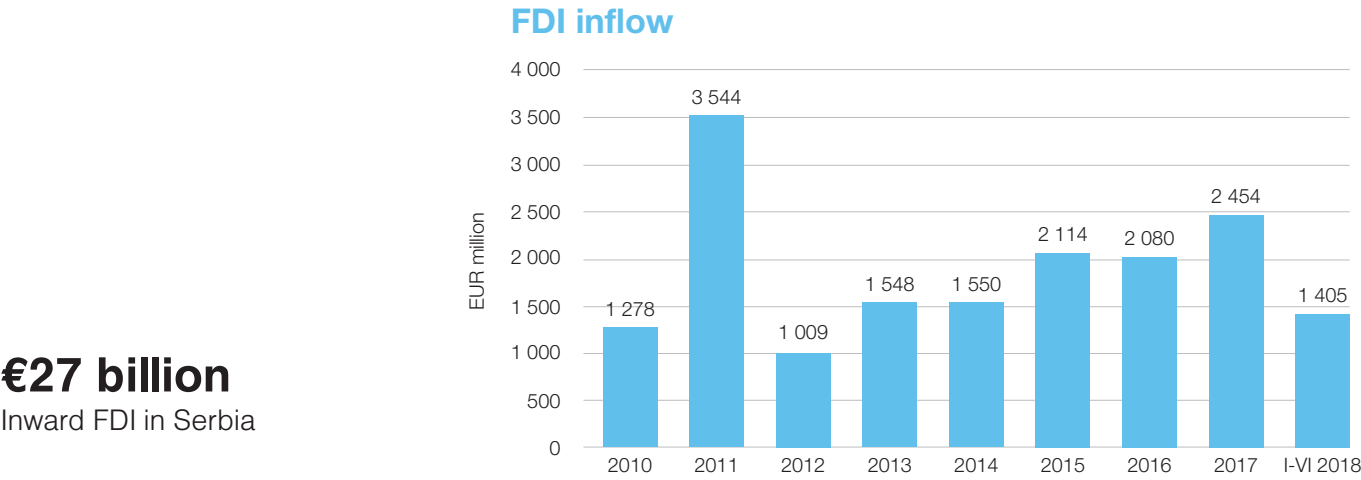
Lapovo train station is located on the main railway crossroads of European railway directions: from Munich and Budapest to Thessaloniki in Greece, and to Port of Bar in Montenegro.

Easy access



# Development facts and figures

In recent years, the Serbian economy experienced growth due to strong foreign investments and continuous improvement of its business environment. In fact, since 2000, Serbia has attracted more than €27 billion of inward foreign direct investment.



€27 billion  
Inward FDI in Serbia

Serbia's business environment is one of the most improved in Europe.

Serbia is well proven as one of the leading investment locations in CEE, particularly in relation to it's highly capable human capital and customs free access to 15% of the world market. According to The Economist Intelligence Unit (EIU), in 2011 Serbia was the CEE leader in attracting Foreign Direct Investment (FDI) with €2.2 billion of inward investment. This success continued and, according to Ernst & Young's Attractiveness Survey report for 2013, Serbia was one of the countries with the greatest capacity to attract large labour-intensive projects - both in terms of number of projects and jobs created.

Automotive industry	16,4 %
Food, Beverage & Agriculture	11,1 %
Textile & Clothing	9,4 %
Construction	6,2 %
Electrical & Electronics	6,2 %
Machinery & Equipment	4,9 %
Wood & Furniture	3,6 %

Major steps have been taken to improve Serbia's business climate, reduce the state's economic footprint and create jobs – providing momentum for investment, economic diversification and sustainable private sector growth.

Serbia has set out an ambitious plan in order to achieve its top priorities, including: EU membership; fiscal consolidation; finalization of the privatization process; improvements of the Labour Law and pension system and reforms in public enterprise management.

In January 2014, Serbia officially began EU membership negotiations.

Source: National Bank of Serbia



# Current potential

of Kronospan in Serbia

**450 000 m<sup>3</sup>** of Particleboard

**14 000 000 m<sup>2</sup>** of Melamine Faced Particleboards

**150** employees

**174** decors in MF PB express program

# Kronospan

in Serbia

Kronospan has been present in the Serbian market for many years. This was originally through trading and distribution but during the last ten years we have been manufacturing at our modern production facility in Lapovo. Today Kronospan is the leading wood-based panel producer in Serbia.

We offer an excellent product, decor range and the very highest levels of customer service.

We are able to produce FSC® and E-LE (CARB II) certificated products. We ensure that all employees and suppliers adhere to ethical business practices. We acquire goods, commodities and materials from domestic suppliers.





# Business environment

## Investment Proposition

### Factors that make Serbia an attractive investment proposition:

- Favorable geographic position
- Competitive tax environment
- Network of free trade agreements
- Low operating costs

## Tax System

Tax	Rate	Frequency of Tax Payment	Possible Incentive
Corporate Income Tax	15%	annually	10 year holiday (investments over ca €9m and 100 new jobs)
Withholding Tax (for dividend, shares in profits, royalties, interest income, capital gains, lease payments for real estate and other assets)	20% - companies; 10% - physical persons	annually	lower rate of 10% or 5% according to double taxation agreement
VAT	20% - standard; 10% - special rate	monthly/ quarterly	import VAT return
Property Tax	up to 0.4%	annually	varies by municipality
Absolute Rights Transfer Tax	0% - stocks and bonds; 2.5% - other property	at purchase of property	tax for transfer of shares has been abolished
Personal Income Tax	10%	monthly	3 year holiday for hiring apprentices; 2 year holiday for hiring certain categories of unemployed workers
Annual Income Tax	10% - on part of income exceeding 3 and below 6 times the average salary; 15% - on part of income exceeding 6 times the average salary	annually	
Pension and Disability Insurance	12% - employer; 14% - employee	monthly	3 year holiday for hiring apprentices; 2 year holiday for hiring certain categories of unemployed workers
Health Insurance	5.15% - employer; 5.15% - employee	monthly	3 year holiday for hiring apprentices; 2 year holiday for hiring certain categories of unemployed workers
Unemployment Insurance	0.75% - employer; 0.75% - employee	monthly	3 year holiday for hiring apprentices; 2 year holiday for hiring certain categories of unemployed workers

Source: Serbia Investment and Export Promotion Agency  
www.siepa.gov.rs

## Free Trade Agreements

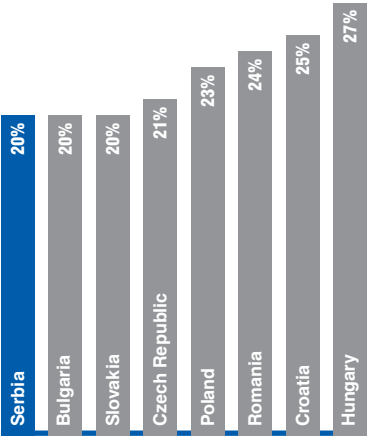
Due to Free Trade Agreements, Serbia is an ideal place for establishing of manufacturing / distribution hub to serve the markets of Russian Federation, South East Europe, EU and EFTA countries, Belarus, Kazakhstan and Turkey.



Serbia is on the list of countries which has access to a preferential export regime for exporting to the USA.

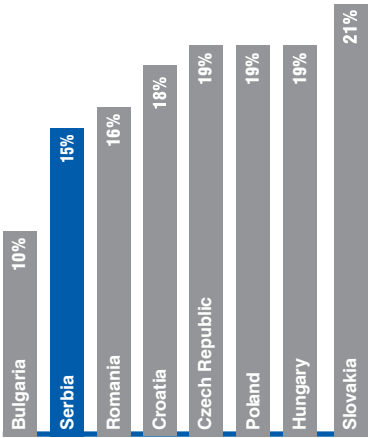
## Tax&Salary Rates

### Standard VAT Rate



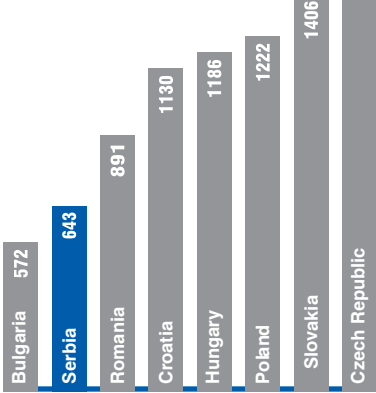
Source: National IPAs, 2015

### Corporate Income Tax



Source: National IPAs, 2015

### Average Gross Monthly Salary (EUR)

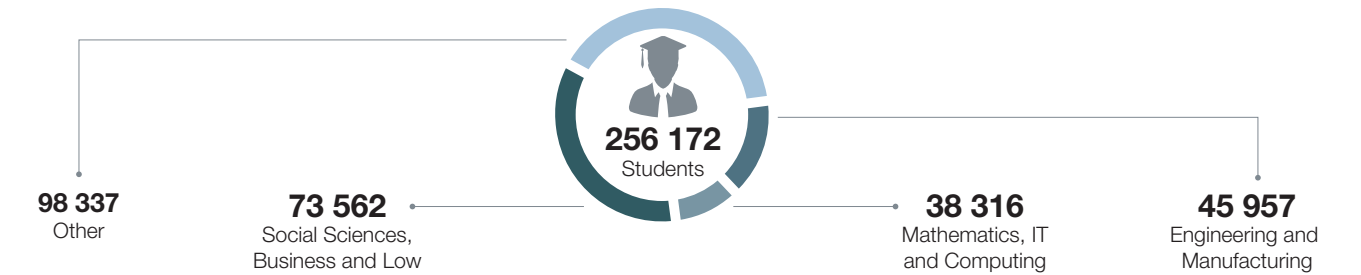


Source: The Vienna Institute for International Economic Studies, February 05, 2019

## Human Resources

The Serbian labor force is unique. A combination of high quality, availability and cost effectiveness. It is one of the key factors enabling strong business performance.

Serbia has fostered an extensive relationship with leading western economies. Throughout years of cooperation, Serbian workers received specific know-how and adopted advance technological skills and good quality control standards. Having vast experience in manufacturing and management, local staff requires minimum training to adopt cutting edge technologies and production processes.







[kronospan-express.com](https://kronospan-express.com)

