

SARIO

Slovak Investment
and Trade Development Agency

Key facts
why to choose
Slovakia as your
next investment
destination

Why Slovakia



Why Slovakia

This publication is designed to introduce you to the economic facts and figures, supply information on the business environment, sector strengths, vision and strategy for economic development and other useful data in order to illustrate why Slovakia is an ideal location for business.

General Information

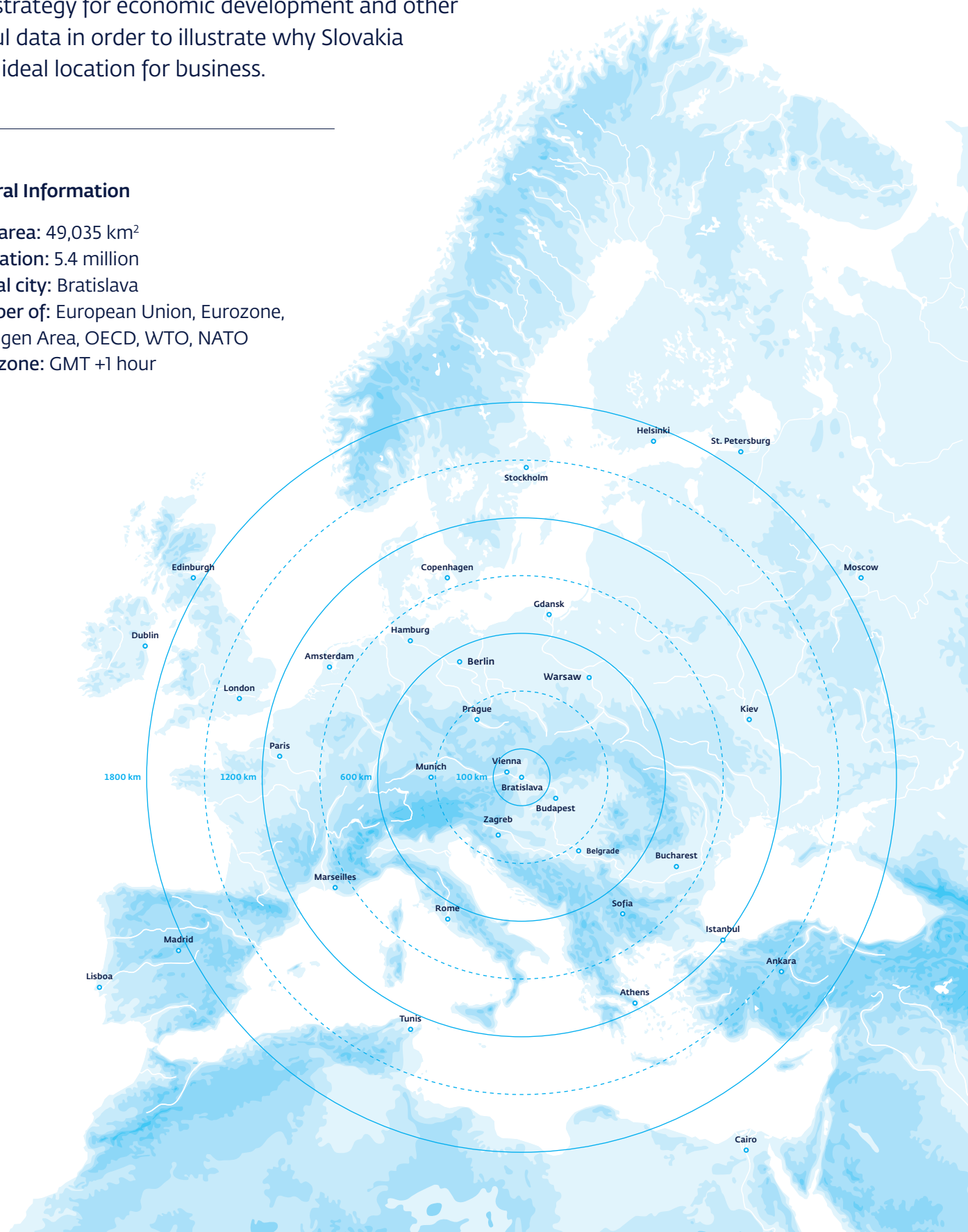
Total area: 49,035 km²


Population: 5.4 million

Capital city: Bratislava

Member of: European Union, Eurozone, Schengen Area, OECD, WTO, NATO

Time zone: GMT +1 hour





Top 10 Reasons Why to Invest in Slovakia

- 1 Strategic location in Europe with great export potential
- 2 Political & economic stability
- 3 Fastest growing Eurozone member within the last 10 years (CAGR)
- 4 Best conditions for Doing Business in CEE (World Bank)
- 5 CEE leader in labour productivity and in top 10 hard working countries (OECD)
- 6 Euro currency as one of a few in CEE
- 7 Steadily growing infrastructure network
- 8 High potential for R&D projects
- 9 Large selection of industrial land & offices
- 10 Attractive investment incentives

Macroeconomic Overview

GDP Growth

Slovakia had the biggest real GDP growth in 2010 among all the CEE countries due to stronger demand for our exported products in Western Europe. This growth was fueled by high productivity and modern industrial production. Despite economic downturn and its effect on our economy in 2009 Slovakia managed to secure higher growth than Western economies also in 2011 and 2012.

Best Conditions for Doing Business 2012 in CEE

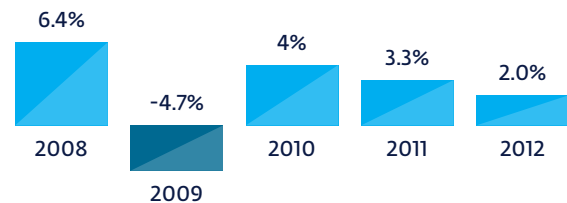
This ranking of the World Bank considers the quality and attractiveness of the business environment. Economies are ranked on their ease of doing business, from 1–185, with the first place being the best.

Eurozone Member — One of a Few in CEE

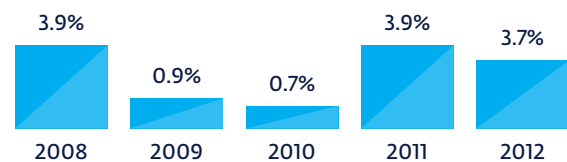
Slovakia adopted the Euro on 1 January 2009 and thus became the 16th member state of the Euro Area. The official exchange rate was 30,126 SKK/EUR. Membership in the Euro zone reduces the currency exchange risks and tightens the fiscal discipline of the adopting countries, resulting in stable economy.

Real GDP Growth

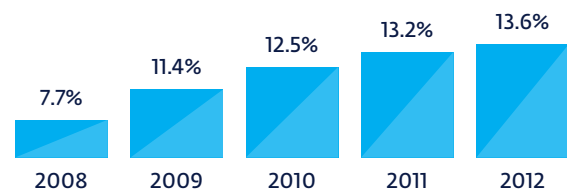
Source: Eurostat, Data as of January, 2013



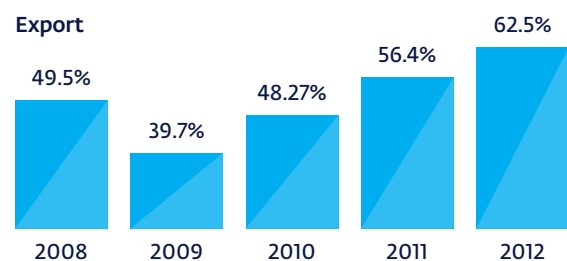
Inflation



Registered Level of Unemployment



Export



Highest Labour Productivity in CEE

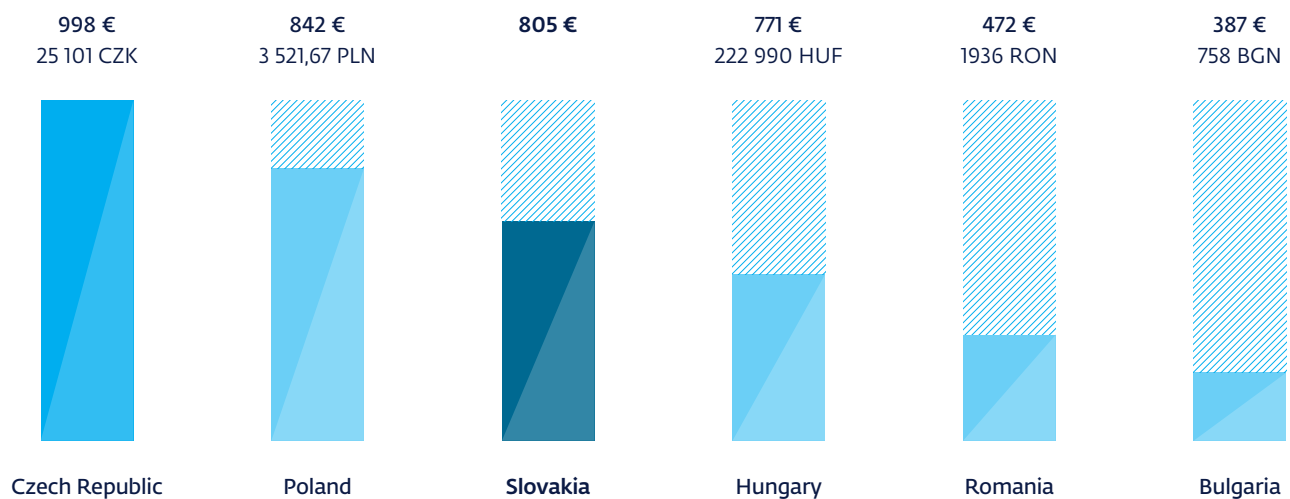
Labour productivity is expressed as GDP per hour worked. It is intended to give a picture of the productivity of national economies shown in relation to the European Union (EU—15) average. Basic figures are manifested in Purchasing Power Standards (PPS), i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries.

Slovakia Reaches the Highest Labour Productivity

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Slovakia | 65.8 | 68.8 ↑ | 71.7 ↑ | 76.5 ↑ | 79.8 ↑ | 80.0 ↑ | 81.2 ↑ | 80.1 ↓ | 81.1 ↑ |
| Hungary | 67.1 | 67.7 | 67.8 | 66.6 | 70.7 | 72.4 | 70.9 | 71.1 | 70.4 |
| Czech Republic | 73.0 | 73.1 | 74.0 | 76.3 | 74.1 | 75.9 | 73.8 | 74.0 | 72.0 |
| Poland | 61.9 | 61.8 | 61.2 | 62.3 | 62.4 | 65.5 | 67.4 | 68.8 | 72.0 |
| Romania | 34.6 | 36.1 | 39.7 | 43.4 | 49.2 | 49.4 | 48.5 | 49.2 | 50.1 |
| Bulgaria | 34.8 | 35.8 | 36.4 | 37.5 | 39.6 | 40.0 | 41.2 | 44.3 | 46.4 |

Source: Eurostat 2013, GDP (in PPS) per hour worked as compared to EU15 (100)

Gross Monthly Salary



Source: National Statistical offices of Czech republic, Hungary, Poland, Slovakia, Bulgaria, Romania Exchange rate (as of 3 April 2013)

Tax System

20%

Value
Added Tax

23%

Corporate
Income Tax

100%

Repatriation
of Profits

0%

Dividend Tax
Inheritance and Gift Tax
Real Estate Transfer Tax



Our People — Our Treasure

Slovakia has high level of students enrolled in universities in comparison to the other CEE countries. 16% of the whole population finished the university education and 77% of the total population attained the upper-secondary education.

University Education

There are 35 universities in Slovakia spread all over the country. In the academic year 2012/2013, there were 204 724 students enrolled at Slovak universities and 71 092 students graduated (both data include Bachelor and Master studies) in 2011/2012.

Secondary Schools

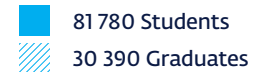
Slovakia has a well established system of specialized training and vocational schools. To accommodate the changing requirements of the labour market, secondary schools are being given a higher degree of control in creating their own educational programmes to meet the current needs of the local industry.

Multilingual Competencies

Slovaks are extremely flexible and enthusiastic when it comes to the enhancing or broadening of their capabilities. Majority of people speaks at least one foreign language, predominantly English (85.76% of all pupils and students are studying English), followed by German thanks to the proximity of German speaking Austria and common historical roots.

Subject of Studies

Social Sciences



Economy



Technical Sciences



Natural Sciences



The most common foreign languages taught at Slovak secondary schools



Source: The Institute for Information and Prognosis in Education, www.uips.sk, 2012, SARIO calculations, 2012

Key Sectors

Slovakia prides itself on its industrial heritage which has provided a stable base for the development of certain sectors such as automotive or electronics. During the past couple of years, global corporations representing various industries have selected Slovakia as the top location for their expansion in the CEE region.



01 AUTOMOTIVE



02 ELECTRONICS



03 SSC/ICT

01 Automotive

Slovak automotive industry is well diversified, with three different types of car producers — German VW Slovakia, French PSA Peugeot Citroën, Korean KIA, surrounded by well established automotive sub-supplier networks, all of which are effectively interconnected. The sector produces various categories of cars as Volkswagen's Hybrid Touareg, Porsche Cayenne, Peugeot 207, KIA Sportage and Ceed.

"With plant in Žilina, Slovakia we have raised the awareness of KIA in Europe. In addition, this factory is considered within the entire KIA group as one of the best in the world. We confirm our long-term intention of KIA activities in the Slovak Republic. Our goal is the positive impact on employment in the Žilina region as well as the economic growth of Slovakia."

In-Kyu Bae | KIA Motors Slovakia
President

02 Electronics

Since 2000, electrical engineering has been the fastest growing industrial sector in Slovakia. The electrical engineering has become the second strongest pillar of Slovak industry after automobile production, and the second biggest employer and exporter.

"With the establishment of AUO Slovakia, we are building an even more complete network with our clients worldwide. We would like to express our gratitude for the full and continuous support from the Slovak government and Taipei Representative Office, Bratislava."

Paul S.L. Peng | AUO
President of Display Business Operation

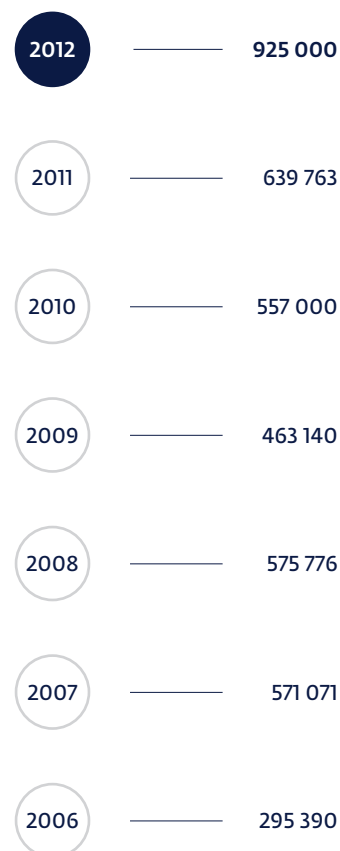


1st Place in 2012

in World Car
Production per 1000
inhabitants

166 cars/1000
inhabitants

Car Production in Slovakia





03 SSC/ICT

The current Shared Service Centers 'Hot Spots' include Bratislava, Košice, while Banská Bystrica, Trenčín, Žilina and Nitra are considered to be future top locations.

"Among the decisive factors that contributed to Slovakia's placing first in our research were the very good language skills of the Slovaks, the competitive voice and data networks, the stable economic and political environment, as well as the geographic location of Bratislava, which is very close to the majority of our EMEA customers operating in Western Europe, while also being close to the Eastern Europe that represents an important emerging market for us."

Rolf Lobreyer | Hewlett Packard
EMEA Delivery Manager

Top Reasons Why to Place SSC in SR

- safe investment environment
 - political & economic stability
- fastest growing Eurozone member within the last 10 years (CAGR)
- CEE leader in Doing Business (World Bank) & Property Rights Security (PRA)
- CEE leader in labour productivity and in TOP 10 hard working countries (OECD)
- official currency Euro as one of a few countries in CEE
- strategic time zone location for doing global business
- excellent multilingual skills (English, German, French, Spanish, Czech, Polish, Hungarian, Russian & Scandinavian)
- available workforce
 - 70 thousand graduates annually & 210 thousand university students
- high adaptability of labour force to different culture management styles
- large selection of A-level offices
- steadily growing infrastructure network
- attractive investment incentives



Key Electronics Companies Operating in Slovakia

Sony Foxconn

- Assembly of Bravia models for the European market doubled in 2008 to 4 mil.
- 3D TV since 2010

Samsung

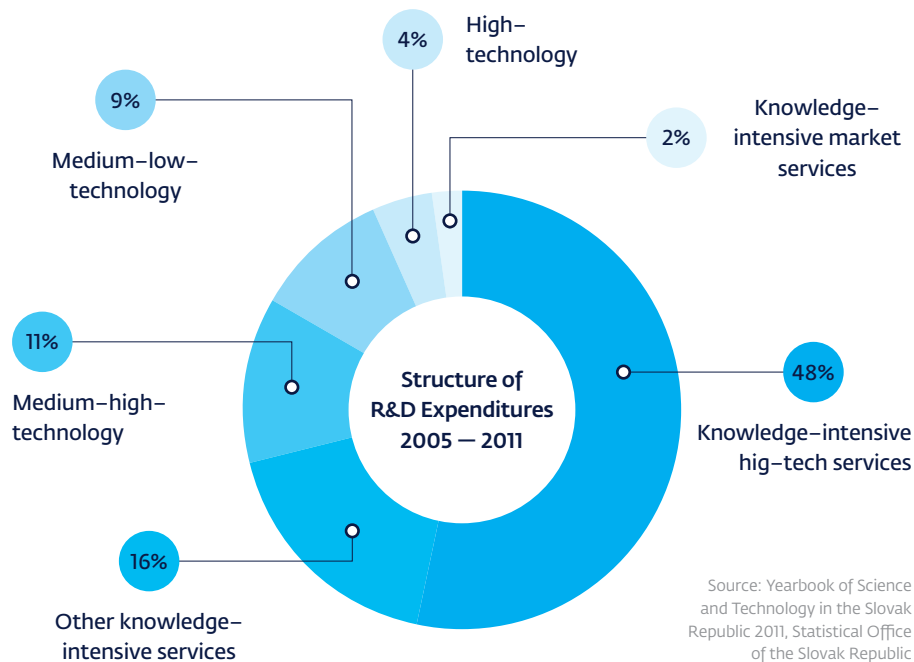
- Production of LCD 10 mil. pieces
- Assembly of LCD
- Logistic center
- Europe service center
- 3D TV since 2010

AU Optronics

- Capacity of production of LCD 10 mil. pieces
- Logistic center
- Europe service center
- 3D TV since 2010

Research & Development

The government of the Slovak Republic set up as a high priority to attract and support the projects and investments which bring high added value, with special focus on R&D and innovation.



Slovakia in R&D Rankings

Based on The Global Competitiveness Report 2012 – 2013 published by the World Economic Forum Slovakia is ranked worldwide as:

Business Impact of Rules on FDI



FDI and Technology transfer



Pay & Productivity



Source: The Global Competitiveness Report 2012 – 2013 World Economic Forum 2012, rank of 142 countries

Key Facts Why to consider Slovakia for R&D

- 1 Highly qualified human resources at affordable costs
- 2 Presence of production plants in high-tech industries
- 3 Presence of R&D centres and technology clusters
- 4 Broad R&D and innovation network
- 5 Established cooperation between companies and domestic universities
- 6 R&D incentives

Investment Incentives

The primary role of the investment incentives should be to motivate investors to place their new projects in regions with higher unemployment. The positive impact of a new investment shall be proved by jobs creation, improved chances for the graduates to get a job, as well as by creation of new entrepreneurial opportunities for local companies.

Technological Centres & Shared Services Centres

The minimum investment amounts for technology centres and shared services centres are the same in all Slovak districts. The basic conditions are the following:

Technological Centres

- minimum investment of 500 thousand EUR on the fixed assets
- at least 250 thousand EUR must be covered by own equity
- the company must employ at least 70% of employees having university education
- minimum 40 newly created jobs

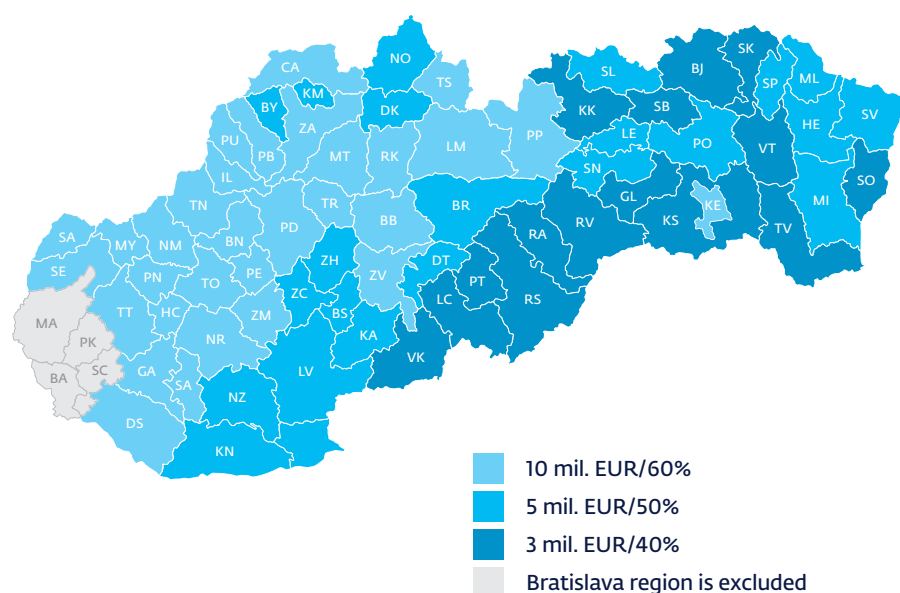
Shared Services Centres

- minimum investment of 400 thousand EUR on the fixed assets acquirement
- at least 200 thousand EUR must be covered by own equity
- the company must employ at least 60% of employees having university education
- minimum 40 newly created jobs

Industry

Minimum Investment Amount/Share of New Machinery

— minimum 40 newly created jobs (expansion: min. 10% increase of the headcount)



Eligible Projects

The Act on Investment Aid divides the projects which may be supported into four categories:

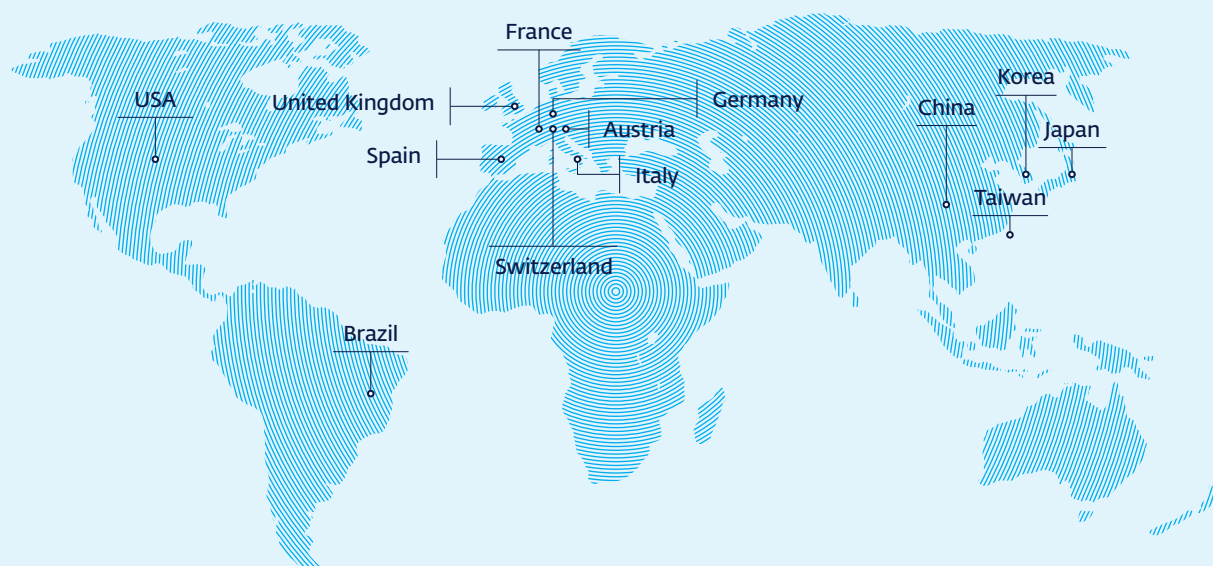
- Industry
- Technology Centers
- Shared Services Centers
- Tourism

Eligible Costs

- costs of land acquisition
- costs of buildings acquisition and construction
- costs of new technological equipment and machinery acquisition
- intangible long-term assets — licences, patents, etc.

Forms of Investment Incentives

- contribution for the creation new jobs
- transfer of the state/municipality property to the investor for the discounted price
- cash grant
- tax relief



Success Stories

Since the declaration of independence in 1993 Slovakia has handled several hundred successful investment projects from various countries and in a wide range of industrial sectors.

Selected Investors by Country of Origin

USA

US Steel, Emerson, DELL, Whirlpool, IBM, HP, Johnson Controls R&D Centre, AT&T, Accenture Technology Solutions, Getrag Ford, Honeywell, Amazon

Germany

Siemens, Volkswagen, T-Systems, Continental Automotive Systems

United Kingdom

CP Holdings Ltd, KMF, Boxperfect, Amylum, Hi-Tech Mouldings, Tesco

France

PSA Peugeot Citroën, Alcatel, Bourbon, CNN Group

Spain

Aluminium Cortizo, ESNASA, Plastics Alt Camp, Cikautxo

Austria

OMV, Mercedes-Benz, Schenker, Erste Group

Italy

Magneti Marelli, Brovedani, SISME, CAME, ZANINI

Switzerland

Swiss RE, Schindler

Korea

Samsung, KIA Motors, Mobis, Hyundai

Taiwan

AU Optronics, ESON, Foxconn, Delta Electronics

Japan

Panasonic, Sanyo, Mitsui, U-shin, Siix, Sumitomo Wires, Brother Industries, Yamagata

China

Lenovo

Brazil

Embraco



Foreign Direct Investments in Slovakia

Since 1993 Slovakia has been the top investment destination country in the CEE region. The total volume of FDI inflow reached EUR 40 billion in 2010. Hundreds of major investment projects from the US, Asia (China, Taiwan, South Korea, Japan) and Europe (Germany, Austria, France, Italy) have chosen Slovakia as their preferred destination, mainly in automotive, electronics and information technology.

Slovakia, as one of the most attractive emerging markets in the world, affords its investors a rare combination of reasons why to invest in the country.

SARIO Profile

Slovak Investment and Trade Development Agency (SARIO) is a governmental investment and trade promotion agency of the Slovak Republic. The agency was established in 2001 and it operates under the Ministry of Economy of the SR.

Investment Services

Services for Potential Investors

- Investment environment overview
- Assistance with investment projects implementation
- Starting a business consultancy
- Sector and regional analyses
- Investment incentives consultancy
- Site location and suitable real estate consultancy

Services for Established Investors

- Identification of local suppliers, service providers
- Assistance with expansion preparation and execution
- Relocation assistance, work/stay permits
- Support of innovation and R&D activities
- Social networking

Foreign Trade Services

If you are looking for

- Slovak supplier or subcontractor
- Information about Slovak export/trade environment
- Sourcing opportunities
- Forming a joint venture, production cooperation or other forms of partnership with a Slovak partner

Services for Exporters

- Information on foreign territories
- Customized search for foreign partners
- On-line database of business opportunities
- Export Training Centre
- Subcontracting assistance

Innovation Support

- Support activities for development and popularization of Slovak innovations and R&D environment
- Establishment of relations with domestic and foreign well-established innovative companies
- Interconnection of Slovak R&D capacities with industrial production and investors' needs in order to transfer leading innovative technology processes closer to production praxis
- Encouragement to foreign investors to bring investments with substantial R&D components to the SR
- Ecosystem analysis of local investment opportunities as well as domestic and foreign investors in order to support acquisitions and joint ventures projects
- Specific information from the field, in order to obtain capital and foreign markets penetration

374

Number of SARIO
Investment projects
from 2002 — 2012

399 Events



8582
B2B Meetings

Source: SARIO
2007 — 2012

Our Award



2012 Global Best to Invest 2011
Selection Site magazine

ALL OUR
SERVICES ARE FREE
OF CHARGE

**SARIO IS YOUR ONE STOP SHOP FOR INVESTMENT & TRADE IN SLOVAKIA.
TALK TO US TODAY!**

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