



OVERVIEW OF SLOVAK CHEMICAL AND PHARMACEUTICAL INDUSTRIES

S A R I O

Slovak Investment
and Trade Development Agency

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General Information

The Slovak chemical industry (hereinafter also as "SCHI") has traditionally been one of the largest sectors of the national economy. In 2012, revenues generated by all companies in this sector amounted to EUR 12.4 billion, representing 15% of the Slovak industry (EUR 82.3 billion) and 19% of the Slovak manufacturing sector (EUR 66.9 billion). Production of pharmaceutical products is usually considered to form an integral part of the chemical industry. These sectors combined are to believe to employ over 37 thousand people.

Chemical industry is closely connected to Slovak automotive industry and electronics production. Turnover of many enterprises in the chemical industry are significantly tied to the development of the crude oil prices and of raw materials on world markets, which is reflected in lower profits in 2012.

Unlike in some other countries, output of the SCHI does consist of one product or a group of few products, but includes a diversified portfolio of hundreds of different products, ranging from petrochemicals, agrochemicals, and primary organic/inorganic chemicals; to rubber, plastic products, drugs and vaccinations.

Sub-segments

For statistical and other purposes, the following 4 sub-segments are most often categorized into the SCHI:

NACE ¹ group	Sub-segment	Examples of products of Slovak companies	2012 Revenues (EUR mil.)	2011 Revenues (EUR mil.)	2010 Revenues (EUR mil.)
19	Manufacture of coke and refined petroleum products	coke, fuels, heating oil, lubricating oils, paraffin, asphalt	4 317	4 369	3 194
20	Manufacture of chemicals and chemical products	organic and inorganic chemicals, chemical fertilizers, basic petrochemical products, plastics, paints, lacquers, pigments, explosives, glues, cosmetic products, detergents	2 394	2 537	2 026
21	Manufacture of basic pharmaceutical products and drugs	drugs, vaccines, antiserum, homeopathic products	327	325	320
22	Manufacture of rubber and plastic products	tires, industrial yarns, flexible films, automotive plastics	5 402	5 267	4 443
Source: Statistical Office of the Slovak Republic ² / Data for all companies			Total: 12 439	Total: 12 498	Total: 9 983

Measuring by revenue, of the 4 sub-segments the 2 largest are rubber/plastic production (EUR 5.4 billion) and petrochemicals (EUR 4.3 billion). These 2 sub-segments also experienced the fastest growth compared to the crisis year of 2010. Petrochemicals rose by 35% and rubber/plastic products by 22% (Plastics 10%, Rubber 50%)³. Manufacture of chemicals increased by 18%, while the sales in the smallest sub-segment, production of pharmaceuticals, stagnated at EUR 0.3 billion.

Overview of basic economic indicators for companies with 20 and more employees:

Chemical industry	Data for companies with 20 and more employees		
	2012	2011	2010
Total revenues (EUR mil.)	10 813	10 850	8 417
Value added (EUR mil.)	1 460	1 332	1 151
After-tax profit (EUR mil.)	253	145	156
Number of companies	230	241	232
Average number of employees	37 500	37 200	35 130
Average monthly salary (EUR)	993	958	918

Source: Statistical Office of the Slovak Republic & Trend Top in Industry

¹ European industrial activity classification (SK NACE Rev.2)

² Data for all companies

³ Top trend in industry 2013

Except revenues, all basic economic data show a growing trend in the years 2011 – 2012. Total revenues in 2012 remained unchanged compared to year 2011, but rose by 28% since 2010. Even though total revenues remained stable (2011 - 2012) value added was increased by 10% and after-tax profit by 75%.

Companies and Employment

NACE group	Sub-segment	2012			
		Number of companies	Average number of employees	Average monthly salary (EUR)	Value added per 1 employee (EUR)
19	Manufacture of coke and refined petroleum products	5	2 426	1 821	115 678
20	Manufacture of chemicals and chemical products	48	8 602	1 002	26 582
21	Manufacture of basic pharmaceutical products and drugs	11	2 148	1 110	77 921
22	Manufacture of rubber and plastic products	166	24 486	850	31 943
19-22	SCHI total	230	37 662	962	38 734
	Industry total	2 312	375 971	939	32 910

Source: Statistical Office of the Slovak Republic / Data for companies with 20 and more employees

Petrochemicals were the least diversified sub-segment. Slovnaft group, the second largest company in Slovakia and the only Slovak refinery, generated almost the whole turnover of the petrochemicals production. Altogether only 5 companies with more than 20 employees are represented. This sub-segment is also characterized by the highest average monthly salary (EUR 1 821), while the largest sub-segment in terms of employees (rubber/plastics production) is characterized by the lowest average wages (EUR 850).

In the past 5 years only, only 15 new companies were established in this industry. The only two new plants opened in 2012 were Finnish Nor-maali (paints production) and German SMP (automotive plastic products).

There is not much available statistical information on the ownership of companies in the SCHI. As in other segments of Slovak industry, larger companies are often owned by foreign capital. Slovnaft, a.s. belongs to Hungarian group MOL; Continental Matador to German Continental group, Duslo, a.s. to Czech Agrofert etc. On the other hand, probably the most significant player in the SCHI still in Slovak ownership is Chemosvit, a.s.

Location of Companies



Source: SARIO

Plants of chemical and pharmaceutical companies are mostly located in Western and Central Slovakia. The main centers are Bratislava (oil refinery), Trnava, Púchov, Nitra, Žilina. In Eastern Slovakia, there are significantly less chemical production plants, the most important centers are Svit and Humenné.

Export

Slovakia's economy is export-oriented, resulting in export being equal to over 80% of the GDP. The share of chemicals and pharmaceuticals on the export is around 22%. Of that, the largest export groups are petroleum and rubber products.

Products	Total Export in 2011 (EUR ths.)
Petroleum, petroleum products and related materials	2 861 402
Organic chemicals	378 450
Inorganic chemicals	169 099
Dyeing, tanning and colouring materials	63 428
Medicinal and pharmaceutical products	359 324
Essential oils and resinoids and perfume materials; toilet, polishing	296 247
Fertilizers	246 738
Plastics in primary forms	706 055
Plastics in non-primary forms	364 743
Chemical materials and products (n.e.s.)	222 546
Rubber manufactures	1 354 820

Source: Statistical Office of the Slovak Republic

Largest Companies in Sub-segments and 2012 Trends

Manufacture of coke and refined petroleum products

Largest companies in the sub-segment	Examples of main products	2012			
		Revenues (EUR ths.)	After-tax profit (EUR ths.)	No. of employees	Export/sales
Slovnaft, a.s., Bratislava	motor fuels, motor oils, lubricants, autochemicals	4 626 607	52 617	3 585	67.2%

Source: Trend Top in Industry 2012

Last year's chemical industry sales were significantly influenced by high prices of crude oil on the world markets. On the other hand, volume of processed oil decreased from 6 to 5.4 mil. ton. Decreasing demand for refinery products has lead Slovnaft to the biggest layoff in years (more than 300 employees), and also to portfolio changes (Slovnaft initiated new production of primary plastics and rubber products).

Manufacture of chemicals and chemical products

Largest companies in the sub-segment	Examples of main products	2012			
		Revenues (EUR ths.)	After-tax profit (EUR ths.)	No. of employees	Export/sales
Duslo, a.s., Šaľa	industrial fertilizers, dispersions, glues, rubber industry chemicals	469 236	20 292	2 244	80%
MEROCO, a.s., Leopoldov	biological fuels (fatty acid methyl ester)	173 911	-739	40	n/a
de Miclén, a.s. Levice	toothpastes	97 813	805	570	95%

Source: Trend Top in Industry 2012

This sub-segment has recovered from the previous decline and returned to solid growth of 33% in 2012. 2012 revenues reached to 2.1 bill EUR, while average prices of chemicals and chemical products rose by 3%. Duslo Šaľa has booked 44% growth and 460 mil.EUR in turnover, after several years of restructuring and massive investments.

Manufacture of basic pharmaceutical products and drugs

Largest companies in the sub-segment	Examples of main products	2012			
		Revenues (EUR ths.)	After-tax profit	No. of employees	Export/sales

			(EUR ths.)		
Zentiva, a.s., Bratislava	generic medicines	204 020	69 975	923	n/a
Biotika a.s. Slovenská Ľupča	drugs and vaccines	63 168	5 000	502	85%
HBM Pharma, Nitra	drugs	22 125	- 3075	271	65%
Imuna Pharm, Šarišské Michal'any	drugs, vaccines and pharmaceutical accessories	15 636	270	130	23%

Source: Trend Top in Industry 2012; SIMS.sk

Revenues in this sub-segment remained stable, even though prices rose by 4%. The most important representative was Zentiva, a.s., making up two thirds of this sub-segment's revenues. French owner of Zentiva, Sanofi group, was sold to the Czecho-slovak financial investor Wood&Company.

Manufacture of rubber and plastic products

Largest companies in the sub-segment	Examples of main products	2012			
		Revenues (EUR ths.)	After-tax profit (EUR ths.)	No. of employees	Export/sales
Continental Matador Rubber, s.r.o., Púchov	passenger tyres	751 118	95 572	2 537	79%
Continental Matador Truck Tires, s.r.o., Púchov	truck tyres	547 549	86 084	1 129	89.5%
Chemovit, a.s., Svit	flexible films, polypropylene yarn	165 082	1 266	2 099	n/a
INERGY Automotive Systems Slovakia, s.r.o., Lozorno	plastic fuel systems	135 051	10 418	221	39.7%
Nexis Fibers, a.s., Humenné	industrial yarns for tyres, airbags, ropes and rubber goods	93 858	4 671	324	96.9%

Source: Trend Top in Industry 2012

Manufacture of rubber and plastic products is most tightly connected to Slovak automotive industry and electronics. It is also the only sub-segment with significant increase in orders. Revenues rose by 50% in 2012, but the prices remained steady.

Regarding plastic products manufacturers, successful year experienced mainly suppliers of Volkswagen plant in Bratislava (Inergy Automotive Systems, Plastic Omnium).

Rubber production is dominated by Continental Matador that in 2012 produced tires amounting to EUR 1.3 bill. Continental Matador announced some of the largest investments in the whole sector (over EUR 500 mil.).

Education

In the school year 2012/2013 were studying at universities in Slovakia in total 2 330 students with a focus on chemical and pharmaceutical industries. Schools providing study programs in the field of chemistry are traditionally settled in cities Bratislava, Trnava, Banská Bystrica and Košice.

University	Nr. of students in school year 2012/2013
University of Comenius in Bratislava – Pharmaceutical faculty	1 137
Comenius University in Bratislava - Faculty of Natural Science	2 692
Slovak Technical University in Bratislava - Faculty of Chemical and Food Technology	1 926
University of St. Cyril and St. Methodius - Faculty of Natural Sciences	245
University of P. J. Šafárik – Faculty of Natural Sciences	1 108
University of Matej Bel, B. Bystrica - Faculty of Natural Sciences	1 021
Universities total	8 129

Source: The Institute of information and Prognoses of Education (www.uips.sk) – school year 2012/2013

Useful Contacts & Information Sources

Association of the Chemical and Pharmaceutical Industry - www.zchfp.sk.

PlasticPortal - www.plasticportal.eu



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