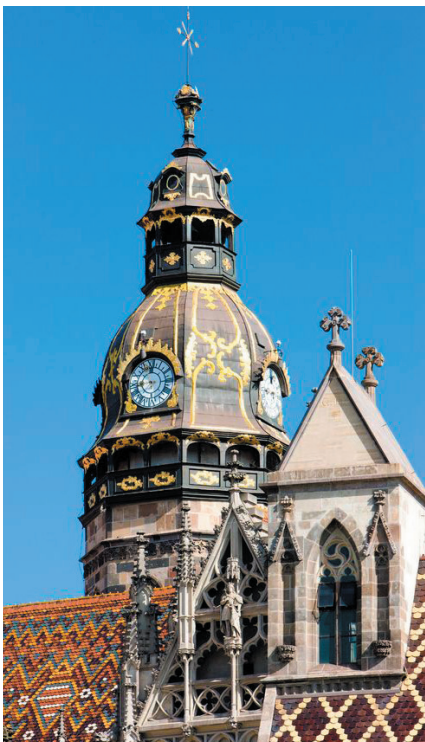


Why SLOVAKIA



KEY FACTS
WHY SLOVAKIA
SHOULD BE YOUR
NEXT INVESTMENT
DESTINATION



Why Slovakia

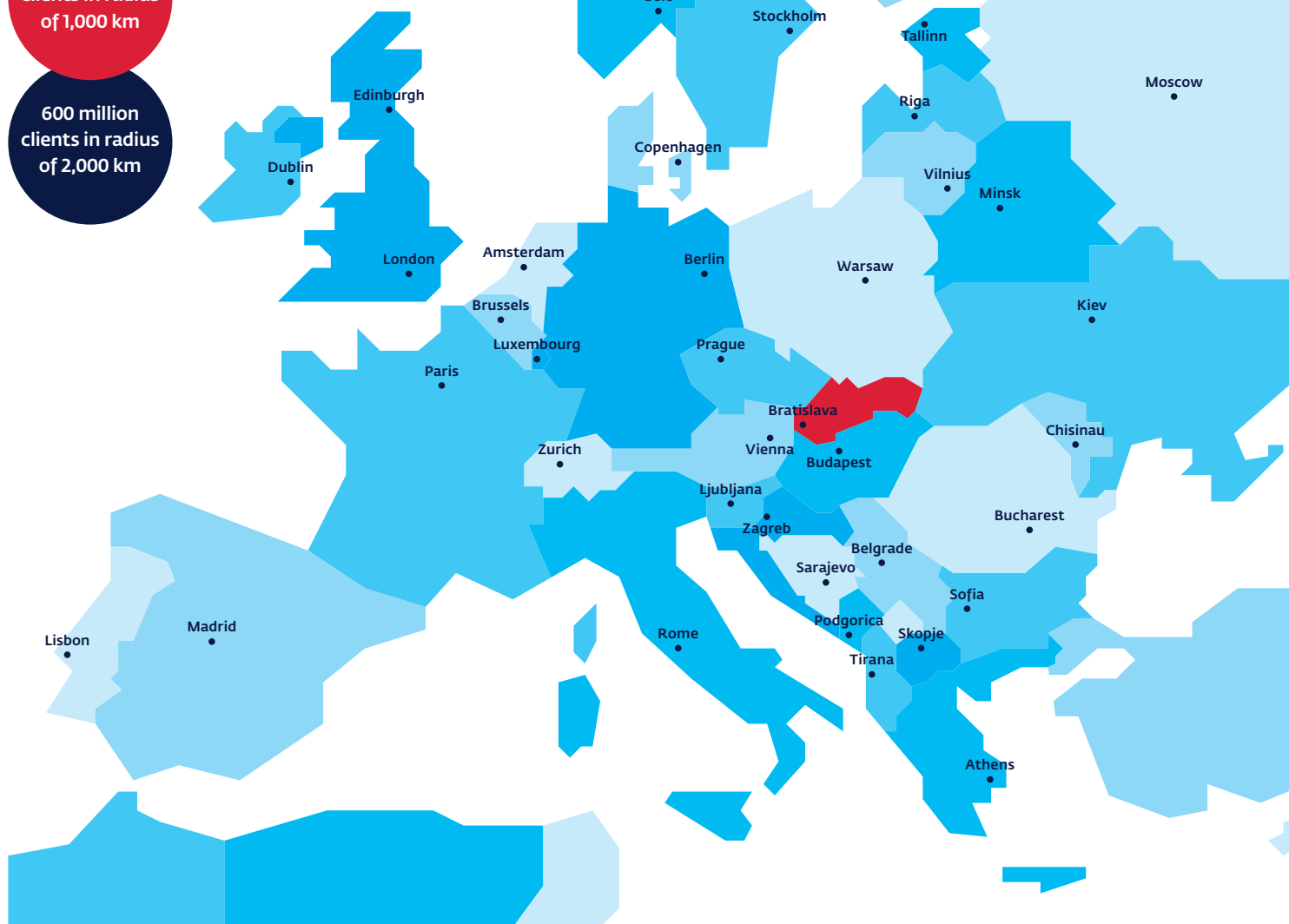
This publication is designed to provide information regarding business environment, sector strengths, vision and strategy for economic development to illustrate why Slovakia is an ideal location for business.

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



300 million clients in radius of 1,000 km

600 million clients in radius of 2,000 km

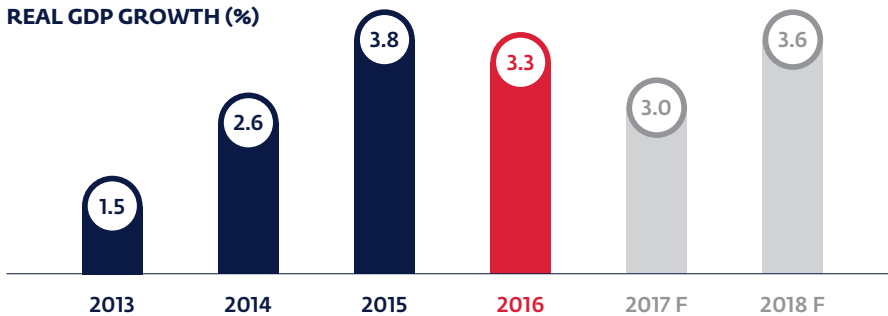


Macroeconomic Overview

Slovakia is experiencing an ongoing economic expansion, driven by continually increasing domestic demand, as well as booming investment – both local and foreign. Real GDP growth has more than doubled since 2013 and reached 3.3% in 2016. The Slovak economy is projected to keep this pace and expand even further. The unemployment rate continues to decline and labour market conditions are expected to continuously improve.

Source: European Commission, European Economic Forecast, spring 2017

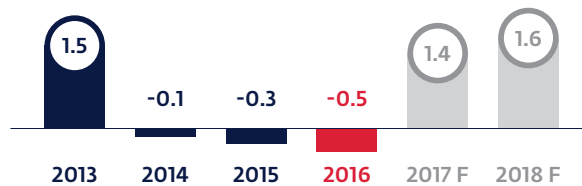
REAL GDP GROWTH (%)



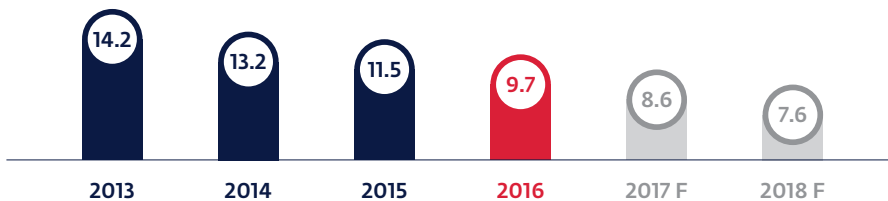
HIGHLY OPEN ECONOMY



HICP INFLATION (%)



UNEMPLOYMENT RATE (%)



SLOVAKIA COUNTRY CREDIT RATINGS



Standard & Poor's



Moody's



Fitch Ratings



OECD Country Risk

Source: Standard & Poors, Moody's, Fitch Ratings (information as of January 2017), European Commission – Eurostat, European Economic Forecast, spring 2017



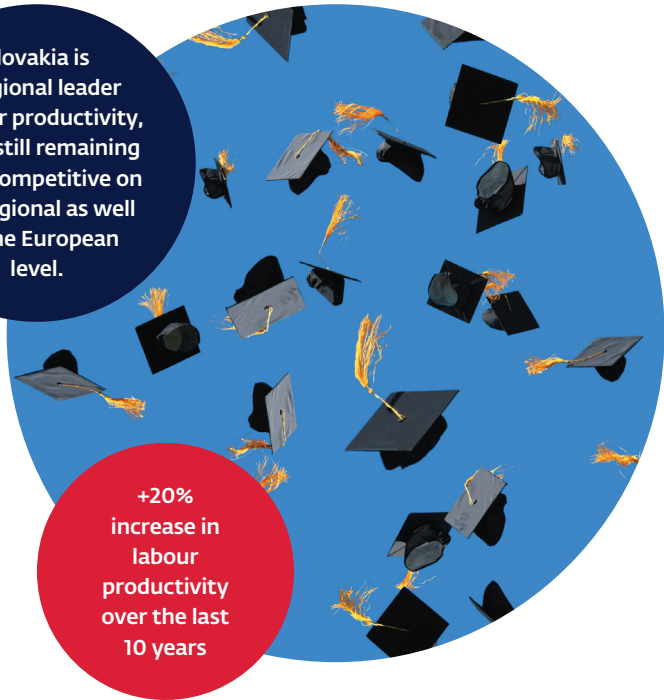
Top 10 Reasons to Invest in Slovakia

- 1 STRATEGIC LOCATION IN EUROPE WITH GREAT EXPORT POTENTIAL
- 2 POLITICAL & ECONOMIC STABILITY
- 3 EURO CURRENCY AS ONE OF A FEW IN CEE
- 4 CEE LEADER IN LABOUR PRODUCTIVITY
- 5 COST-EFFECTIVE, SKILLED AND EDUCATED LABOUR FORCE
- 6 EXCELLENT MULTILINGUAL SKILLS
- 7 ONE OF THE MOST OPEN ECONOMIES IN THE WORLD
- 8 GREAT POTENTIAL FOR R&D AND INNOVATION
- 9 DEVELOPED & STEADILY GROWING INFRASTRUCTURE NETWORK
- 10 ATTRACTIVE INVESTMENT INCENTIVES

Qualified Labour Force

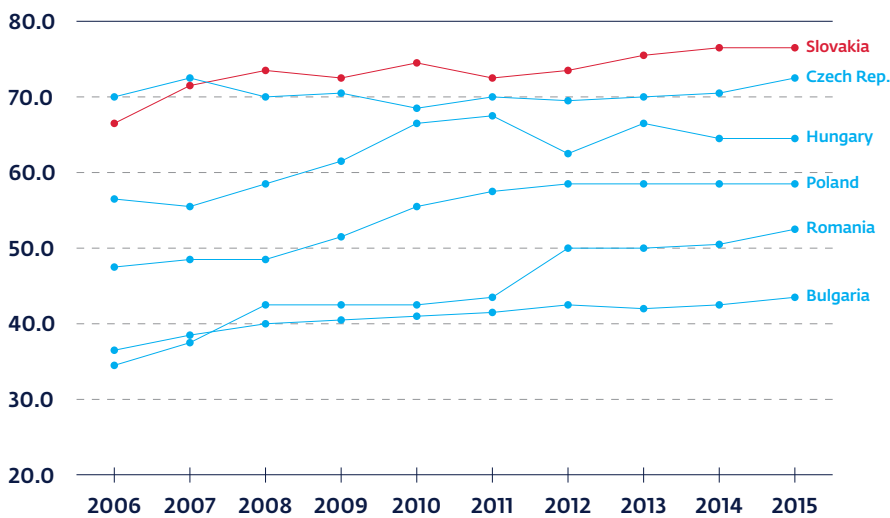
Availability of skilled workforce is a key factor for successful site selection. In Slovakia, investors can find workforce which excels in three major areas — productivity, qualification & labour costs. The Slovak labour force is also often praised for its loyalty and high adaptability to culturally different management styles.

Slovakia is a regional leader in labor productivity, while still remaining cost-competitive on the regional as well as the European level.



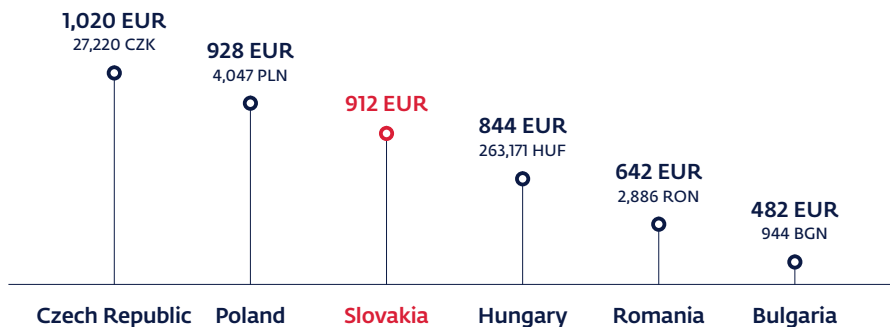
+20% increase in labour productivity over the last 10 years

LABOUR PRODUCTIVITY IN CEE



Source: Eurostat, 2015, GDP (in PPS) per hour worked as compared to EU 28 (100)

AVERAGE GROSS MONTHLY SALARIES IN CEE



Source: National Statistical Offices of Slovakia, Czech Republic, Hungary, Poland, Bulgaria & Romania, National Bank of Slovakia, 2016

Tax System

20%

Value Added Tax

21%

Corporate Income Tax

100%

Repatriation of Profits

0%

Inheritance & Gift Tax
Real Estate Transfer Tax

Education & Language Competencies

Slovakia has a well-established system of secondary schools and universities preparing students to gain the skills and knowledge demanded by the employers.

SECONDARY EDUCATION

Slovakia has one of the highest proportions of secondary educated people in the EU – 72% of the total population attained upper-secondary education.



Dual Education

The Slovak Government fully implemented a new dual education framework facilitating shared theoretical education in schools and practical training in companies. Companies joining the new scheme have the advantage of not only benefiting from a prepared and qualified labor force, but also of the possibility to utilize a related tax relief.



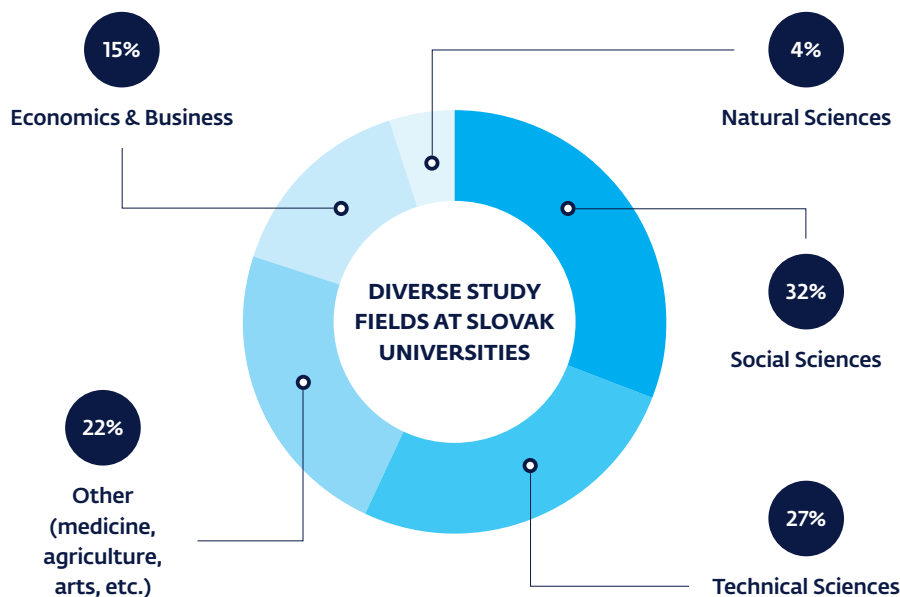
UNIVERSITY EDUCATION

Slovak universities offer large variety of study fields enabling multidisciplinary skill-set for future graduates.

35 Universities

151,316 Students

53,495 Graduates



MULTILINGUAL COMPETENCIES

85%

of Slovak population speaks at least one foreign language

98%

of all secondary school students study at least one foreign language

THE MOST COMMON FOREIGN LANGUAGES TAUGHT AT SLOVAK SECONDARY SCHOOLS

92%

English

46%

German

13%

Russian

5%

French

Over **1,000** companies already cooperate with **19** universities across Slovakia

UNIVERSITY COOPERATION WITH COMPANIES

Various forms of systematic cooperation between universities and companies enable transfer of knowledge from theory to practice.

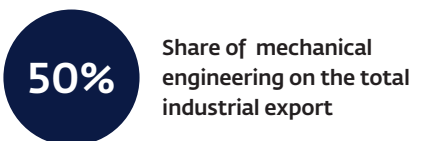
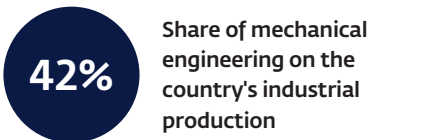
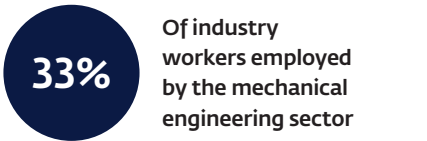
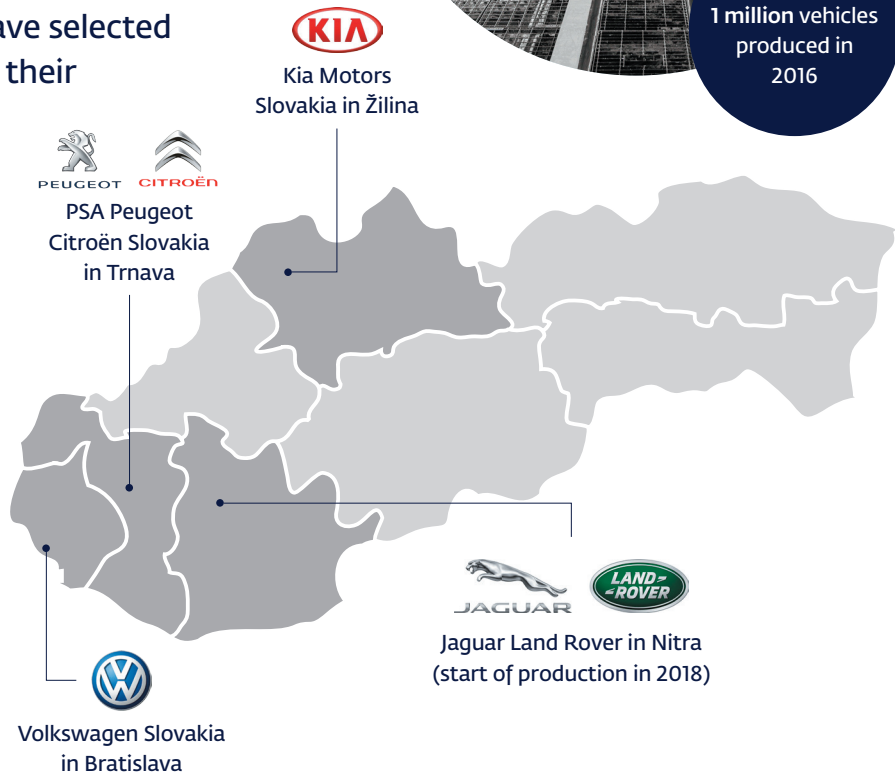
Source: The Institute for Information & Prognosis in Education for Academic Year 2015/16, State Vocational Training Institute, Center of Scientific & Technical Information, Automotive Industry Association of the Slovak Republic

Key Sectors

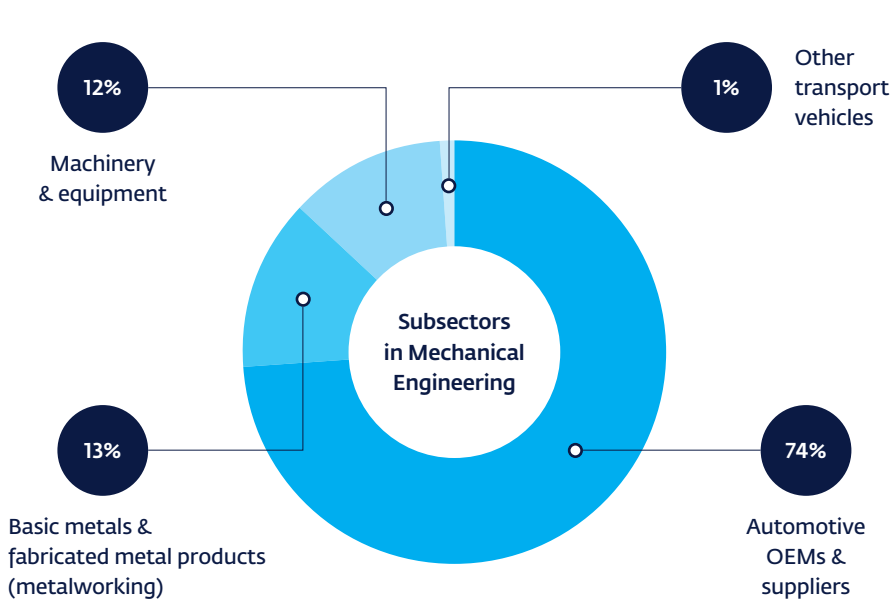
Slovakia prides itself on its industrial heritage which has provided a stable base for the development of certain sectors such as automotive or electronics. Over the last decade, global corporations representing various sectors have selected Slovakia as the top location for their expansion in the CEE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

MECHANICAL ENGINEERING & AUTOMOTIVE

Slovakia has a long tradition in mechanical engineering. Although many activities transformed over the years and merged into the automotive industry, the traditional engineering products created a strong skill driven environment and still maintain an important share on the entire Slovak manufacturing sector. The position of Slovakia as one of the key players in the automotive industry will be further strengthened by the world class manufacturing facility of Jaguar Land Rover which is already being built in Nitra. The investment project of Jaguar Land Rover in Slovakia.



Source: Statistical Office of the Slovak Republic, Trend



ELECTRONICS INDUSTRY

Slovakia has very strong tradition in the electronics industry. It has become the second largest pillar of Slovak industry after automotive sector the second strongest employer and exporter.



43,000

People employed in the electronics industry

11%

Share of electronics industry on total industrial production

1.18 BN €

Added value in the electronics industry



SSCs & ICT Stories in Slovakia



SSC & ICT

Most Shared Service Centers and Information & Communication Technology Centers (SSC & ICT) in Slovakia are concentrated in the capital city of Bratislava or the second largest city of Košice. Nevertheless, new hubs, such as Banská Bystrica, Nitra, Prešov, Trenčín, Trnava or Žilina, are gradually developing and offering great combination of conditions for doing business in SSC & ICT sector.



70,000+

People employed by the Slovak SSC & ICT centres

60+

SSCs already established in Slovakia

75%

SSCs include also higher value added processes

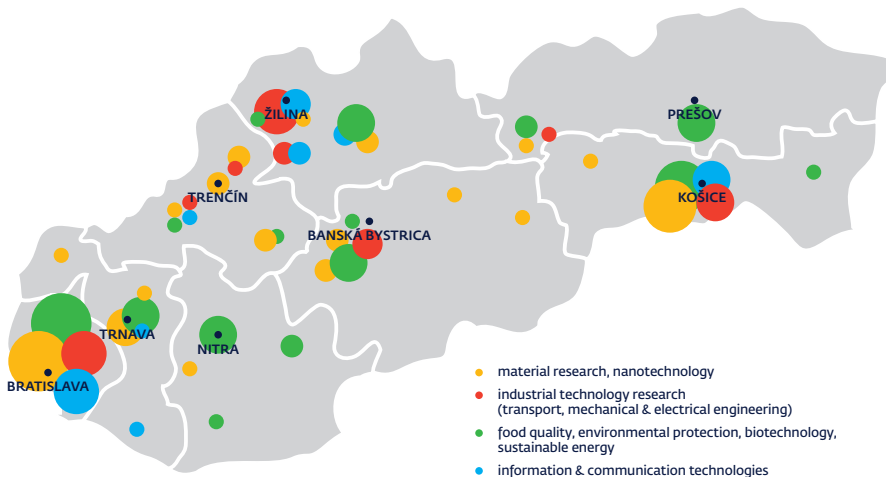
Top Reasons Why to Place SSC & ICT in the Slovak Republic

- adaptable, educated and cost-effective workforce
- excellent multilingual skills
- 35 universities providing qualified pool of labour force
- candidates willing to relocate or commute daily in the radius of 60–80 km
- dynamically growing real estate market with modern and affordable offices
- high quality data & voice networks
- attractive investment incentives for SSC & ICT sector
- strategic time zonation and geographic location
- well-developed ICT institutional network

Research & Development

As a top priority, the Government of the Slovak Republic is determined to attract and support investments with high added value and innovation potential.

PUBLIC R&D INFRASTRUCTURE



Source: Slovak Organization for Research & Development Activities (2013)

RIS3 – NATIONAL R&D SPECIALISATION STRATEGY

National R&D Specialisation Strategy is focused on innovation support through cooperation between enterprises and research institutions in key sectors of the Slovak economy, thus increasing the role of applied research. RIS3 identifies following priorities linked to R&D funding:

- material research and nanotechnology
- biomedicine and biotechnology
- ICT (incl. electronics)

Source: Research & Innovation Strategy for Smart Specialization of the Slovak Republic (2013)

SLOVAK R&D SUCCESS STORIES

<p>SPINEA, Prešov</p>  <p>twin-spin gearboxes</p>	<p>VRM, Trenčín</p>  <p>virtual reality simulators</p>	<p>CEIT, Košice</p>  <p>skull implants</p>
<p>AeroMobil, Bratislava</p>  <p>flying car</p>	<p>SAV, Bratislava</p>  <p>aluminium foam</p>	<p>CEIT, Žilina</p>  <p>automatic logistic systems</p>

R&D expenditures tripled in last 7 years

30% of all outputs in international scientific journals on material research originates from Slovakia

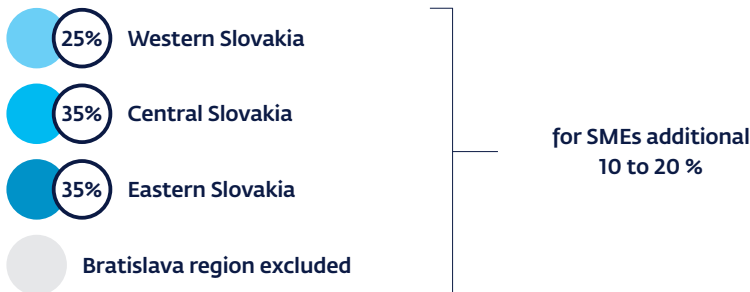
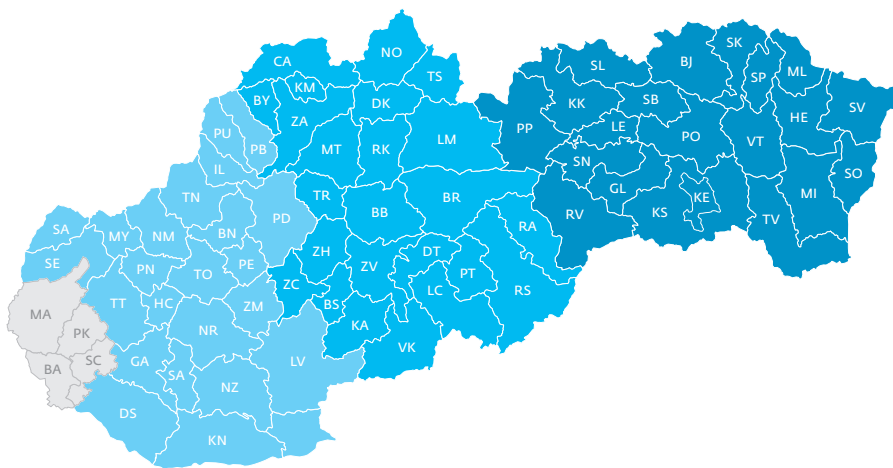
Key Facts Why Consider Slovakia for R&D

- 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 LOCAL UNIVERSITIES
- 6 R&D INCENTIVES

Investment Incentives

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

MAXIMUM REGIONAL INTENSITIES OF INVESTMENT AID IN SLOVAKIA



ELIGIBLE PROJECTS

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

- Industry
- Technology Centers
- Shared Services Centers
- Tourism

INDUSTRY

Minimum investment amount and share of new technology for industrial projects are subject to the unemployment rate in the selected districts:

- 10 mil. EUR (60% share of new technology)
- 5 mil. EUR (50% share of new technology)
- 3 mil. EUR (40% share of new technology)
- 0.2 mil. EUR (30% share of new technology)
- Minimum 40/10 newly created jobs
- Expansion includes minimum increase in the production volume or turnover by at least 15%

TECHNOLOGY CENTERS

- Min. investment amount 500 ths. EUR on the fixed assets in all regions
- The company must employ at least 70% employees with university education
- Minimum 30 newly created jobs

SHARED SERVICES CENTERS

- Min. investment amount 400 ths. EUR on the fixed assets
- The company must employ at least 70% employees with university education
- Minimum 40 newly created jobs

ELIGIBLE COSTS

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

OR

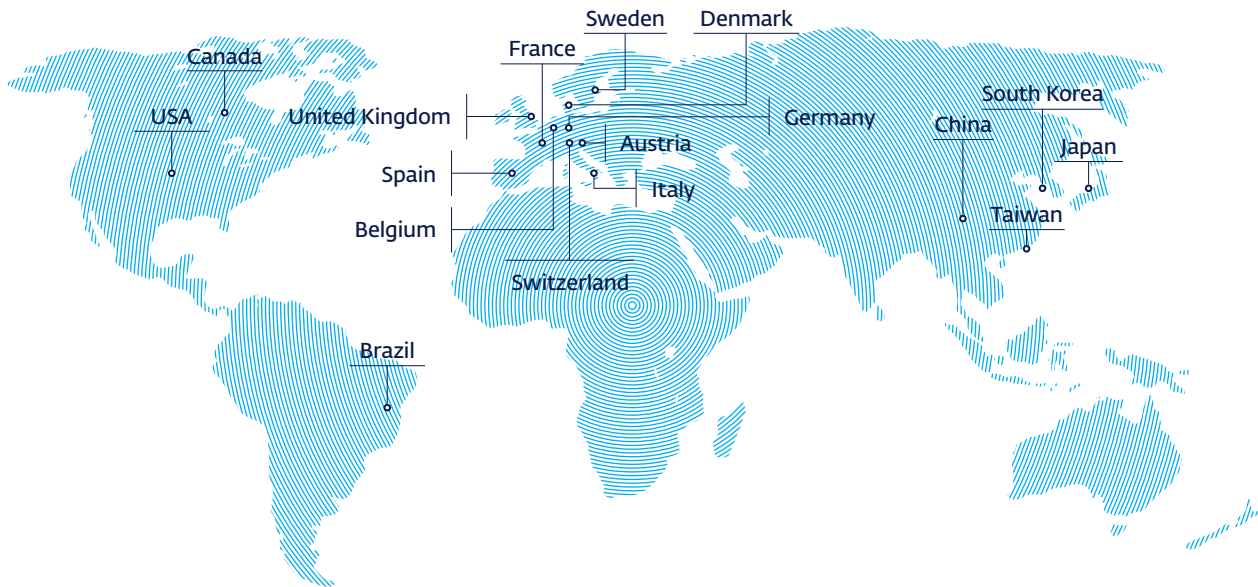
- Wage costs of new employees for the period of 2 years

FORMS OF INVESTMENT INCENTIVES

- Tax relief
- Cash grant
- Contributions for the newly created jobs

Success Stories in Slovakia

Slovakia has been the final investment destination for several hundreds successful projects from various countries and in a wide range of industrial sectors.



AUSTRIA

Glock, MIBA, Michatek, Neuman Aluminium, ZKW

BELGIUM

Aspel, Bekaert, Carmeuse, Deltrian, Fremach, Plastiflex, Team Industries

BRAZIL

CRW Slovakia, Embraco, Micro Juntas SK, Rudolph Usinados SK

CANADA

KraussMaffei, Machine Group, Magna, Martinrea, Windsor

DENMARK

Danfoss Power Solutions, DK1 Plast,Ecco, Glunz &Jensen, Kragelund, Nissens,Unomedical, Velux

FRANCE

Air Liquide, Alcatel Lucent, Atos, Bourbon Automotive Plastics, BEL, CCN Group, Faurecia, NPL S, Orange, Plastic Omnium, PSA Peugeot Citroën, Treves

GERMANY

Air Berlin, Brose, BSH Drives & Pumps, Cemm Thome, Continental, ContiTech Vibration Control, Covestro, Deutsche Telecom, Eissmann, Giesecke & Devrient, Hella, KUKA, Leoni, Mahle, Osram, Porsche Werkzeugbau, SAS Automotive Systems, Schaeffler, Secop, Semikron, Siemens, T-Systems, Vacuumschmelze, Vaillant, Volkswagen, ZF

CHINA

Boge Elastmetall, Huawei, Lenovo, Mesnac, Yanfeng, ZTE

ITALY

B.C.B., Bonfiglioli, MTA, Brovedani, C.I.M.A., Immergas Europe, FGV, Lombardini, Magneti Marelli, Mevis, Prysmian Group, SISME, Z Industries SK

JAPAN

Akebono, Brother Industrie, Minebea, Panasonic, Sanyo, SE Bordnetze, Siix, U-Shin, Yazaki

SOUTH KOREA

Donghee, Dongil Rubber Belt, Hanon Systems, Hyundai Dymos, Kia Motors, Mobis, Samsung Electronics, Shin Heung Precision, Sungwoo Hitech, YURA

SPAIN

ArcelorMittal Gonvarri SSC, Cikautxo, Cortizo, Ederlan, Edscha (Gestamp), Elastorsa, Estamp, Fagor , Farguell, Grupo Antolin, Jobelsa, MAR SK, Technometal

SWEDEN

Camfil, Cloetta, Dometic, Ericsson, IKEA, Lindab, Metal Design, Nefab, SCA Hygiene

SWITZERLAND

ABB, Enics, LafargeHolcim, Nestlé, Nexis, Novartis, Schindler, Swiss RE, Vetropack

TAIWAN (CHINA)

AU Optronics, Delta Electronics, ESON, Foxconn

UNITED KINGDOM

Amec Foster Wheeler Nuclear, Boxperfect, de Miclén, DS Smith, ELE Advanced Technologies, GlaxoSmithKline, Innopharma, Jaguar Land Rover, KMF, Tesco

USA

Accenture, Adient ,Amazon, AT&T, Dell, Emerson , Getrag Ford, Hewlett Packard, Honeywell, IBM, Johnson Controls, Lear Corporation, Microsoft, Mondelez, ON Semiconductor, Oracle, Tower Automotive, Trim Leader, US Steel, Whirlpool

SARIO Profile

Slovak Investment & 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
- business 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



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2002

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PUBLISHER
Slovak Investment and
Trade Development Agency
Trnavská cesta 100
821 01 Bratislava
T: +421 2 58 260 100
F: +421 2 58 260 109
marketing@sario.sk
www.sario.sk

GRAPHIC DESIGN
Slovak Investment and
Trade Development Agency
Trnavská cesta 100
821 01 Bratislava
T: +421 2 58 260 100
F: +421 2 58 260 109
marketing@sario.sk
www.sario.sk

AUTHOR
Slovak Investment and
Trade Development Agency
Trnavská cesta 100
821 01 Bratislava
T: +421 2 58 260 100
F: +421 2 58 260 109
marketing@sario.sk
www.sario.sk

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TALK TO US TODAY!**

SARIO | Slovak Investment and Trade Development Agency
Trnavská cesta 100 | 821 01 Bratislava | Slovakia

 GPS +48° 9' 52.77", +17° 9' 20.27"

invest@sario.sk | trade@sario.sk | www.sario.sk

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