

# Doing Business in Slovakia 2015

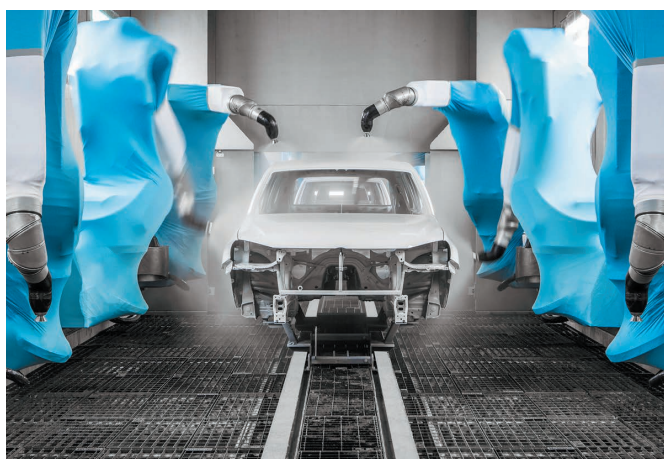
## Opportunities in the Slovak Automotive Industry

IAA 2015, September 25, 2015, CMF, Level 3, Room Illusion 3



### ORGANIZED BY

Honorary Consulate of the Slovak Republic for Hesse  
German Association of Automotive Industry (VDA)  
Slovak Investment and Trade Development Agency (SARIO)



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### PROGRAMME

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|---------------|---|
| 10.00 – 10.20 | Registration  |
| 10.20 – 10.30 | Welcome Note by Managing Director, VDA<br><a href="#">Kay Lindemann, German Association of the Automotive Industry</a>  |
| 10.30 – 10.40 | Welcome Note by the Minister of the Economy of the SR<br><a href="#">Mr. Vazil Hudák</a>  |
| 10.40 – 10.50 | Welcome Note by the Ambassador of the SR to the Federal Republic of Germany<br><a href="#">Mr. Peter Lizák</a>  |
| 10.50 – 11.10 | Business Friendly Slovakia – Slovak Investment Environment and Investment Incentives<br><a href="#">Mr. Robert Šimončíč, CEO of SARIO (Slovak Investment and Trade development Agency)</a>  |
| 11.10 – 11.30 | The Automotive Industry in the Slovak Republic – Opportunities in the Slovak Automotive Sector<br><a href="#">Mr. Juraj Sinay, president of ZAPSR (Automotive Industry Association of the Slovak Republic)</a>  |
| 11.30 – 11.50 | Brose's Experience with Doing Business in Slovakia & Company Presentation – Latest Expansion of a German company in the Slovak Automotive Industry<br><a href="#">Mr. Axel Mallener, General Manager (plant Brose Bratislava and Brose Prievidza)</a>                       |
| 11.50 – 12.10 | Matador's Experience with Doing Business in Slovakia & Company Presentation – Transformation from a global acting tire producer to the largest Slovak TIER 1 supplier<br><a href="#">Mr. Herwig Jörgl, Director Business Development at Matador Holding (Matador Group)</a> |
| 12.10 – 12.30 | Q&A and Discussion  |
| 12.30         | Networking & Café   |

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Moderated by Imrich Donath, Honorary Consul of the Slovak Republic in Hesse.

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**SIGMAR GABRIEL**

Federal Minister for Economic Affairs  
& Energy of Federal Republic of Germany

Ladies and Gentlemen,

The automotive industry belongs to the most innovative sectors. It represents the engine for economic and employment growth in Germany as well as in Slovakia. Development of the automotive industry in Slovakia has been impressive. Production of passenger cars per capita in this country is much higher than in any other country in the world. German car producers and suppliers have greatly contributed to this development.

Standards for the cars of the future are becoming more and more demanding and numerous routine tasks of the driver are taken over by the cars themselves. Cars are being interconnected with the Internet, its environment as well as other cars. This development brings challenges to car producers and suppliers alike. The increasing requirements for emission reduction and electromobility are also shaping the market. Nowadays, it is no longer just about car production, the future is about developing fully new mobility concepts.

These challenges bring new opportunities that can create added value as well as new job positions. Therefore, we should take advantage of them. In this respect, the German and the Slovak automotive industry offer many business opportunities and even more intense cooperation.

The investment seminar 'Doing Business in Slovakia 2015' is the right platform for professional information exchange. I wish all participants an informative event and lots of success in the future!

**VAZIL HUDÁK**

Minister of Economy  
of the Slovak Republic

Ladies and Gentlemen,

Significant development in the automotive industry has been recently observed only in one European region — in the V4 countries. This remarkable phenomenon highlights the potential of a very competitive region which shares similar interests as well as issues.

The automotive industry still has an important position in the economies of the majority of developed countries, in Slovakia it is our key industry. This has been supported by the fact that the 3 production plants in Slovakia manufactured over 970,000 cars in 2014, making us the top per capita car producer in the world with a production of 179 cars per one thousand inhabitants. This year, we expect that the production will exceed 980,000 cars (already in the first quarter of 2015 our manufacturers produced more than 265,000 vehicles). In the long-term there is further room for growth, which could be supported by the potential arrival of a luxury car producer Jaguar Land Rover.

However, the future of the Slovak industry does not lie only in production. It is also important to concentrate on new, progressive technologies and innovation that increase added value, reduce raw material and energy dependence and make bigger use of the national scientific and technical potential.

The economy of the Slovak Republic is one of the most open and export-oriented economies of the EU, significantly depending on economic cooperation with foreign partners. Therefore, I highly appreciate the progress of automotive producers based in Slovakia, and their endeavors to use as many domestically produced components as possible in their high quality final products.



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**MATTHIAS WISSMANN**  
President  
VDA

The Slovak automotive sector continues to belong to the powerful engines of the European automotive industry and represents almost 45% of the Slovak industry and more than a quarter of the entire export.

For years, no other country has produced more cars per capita than Slovakia — the figure stands at 179 cars per 1,000 inhabitants. The total production per year increased by 50% since the last Slovak Day at IAA in 2011 and reached more than 970,000 cars with a population of just 5.5 million.

Along the three major manufacturers in the country — Volkswagen, PSA Peugeot Citroen and Kia Motors — there are more than 300 suppliers and multiple local R&D centres, which have a great impact on the Slovak automotive industry.

Due to its geographical and cultural proximity to other European markets and favorable labour costs, Slovakia represents an attractive location, situated in the heart of Europe.

I would like to cordially invite you to the third Slovak event at the IAA. German companies already established in Slovakia will share their experiences as investors and will discuss this topic with you.

*Matthias Wissmann*



**JURAJ SINAY**  
President  
Automotive Industry Association of the Slovak Republic

A few weeks ago it has been reported that Jaguar Land Rover chose Slovakia as a preferred location for its new large scale investment. This news caused many reactions in the professional circles, which were predominantly positive. Our three important car producers Volkswagen, PSA Peugeot Citroen, Kia Motors could be joined by yet another global car manufacturer with long tradition. Among their top reasons why they selected Slovakia were most probably the stability of our economy and its positive forecasts, as well as the experience of established producers, their network of high quality subcontractors operating in Slovakia, and capabilities to utilize new technologies when producing high quality cars. I would like to use this opportunity to emphasize that these conditions originate from our qualified and motivated labour force, as well as the gradually evolving research and innovation network of Slovak companies and researchers.

The Automotive Association of the Slovak Republic was one of the initiators of the new act on vocational education that came into force in 2015. The strategic goal of this act is to ensure systematic conditions for the education of experts, mainly for the automotive industry. High quality labour force is one of the key predispositions of competitiveness in producing high quality cars. It also belongs to our strongest arguments when motivating companies, which could broaden the supplier structure of our country.

Cars have always been an attractive consumer product for the majority of Europeans. Therefore, we can expect production methods which will lead to increased comfort and decreasing operational risks in line with the 'Industry 4.0 strategy'. The three car producers operating in Slovakia are exhibiting their vehicles on this year's IAA, all of them meet these criteria perfectly.

I am looking forward to the discussions regarding the future of the automotive industry in Slovakia during the investment seminar, organized at the International Automotive Exhibition IAA 2015, to which I would hereby like to invite you.

*JuraĽ Sinay*

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**IMRICH DONATH**  
Honorary Consul  
of the Slovak Republic

The Slovak automotive industry continues to boom. Although in Europe the automotive sector slows down, the car production in Slovakia grows further which has a positive impact on development of the supply network in Slovakia. In recent months, the number of new greenfield and expansion projects has noticeably increased. Moreover, in July 2015 Jaguar Land Rover declared Slovakia as a preferred location for their new European plant.

Nowadays, the development of R&D activities plays a crucial role and Slovakia continues building its R&D infrastructure as well.

Especially, foreign suppliers take advantage of favourable labour costs and possibility to receive investment incentives to increase their added value. German companies belong to these pioneers.

For a long time, Slovakia was considered to be a location primarily for assembly plants. The R&D services and more sophisticated components were mostly provided by mother companies from abroad. Nevertheless, as a recent study by PwC reports that every third branch in Slovakia has launched local R&D activities.

Another study by KPMG found out that 26 out of 74 surveyed suppliers in the automotive industry have R&D divisions with a total of 700 employees and another 16 companies are planning to establish R&D centres within 3 years. Every fourth supplier invests more than 4% of its turnover in R&D and only 3% of the surveyed companies plan no investments in this sector.

Regarding public financial support for R&D in Slovakia, altogether there are over 1.6 bn. Euro available in the EU structural funds and further resources from the Slovak Government. According to the expected timeline, the majority of this financial support will be distributed between 2017 and 2021.

You are invited to discuss Slovakia as an investment destination at this event also attended by a member of the Slovak Government. We are ready to offer you 'first hand' information about perspectives and opportunities of the Slovak market.



**PETER LIZÁK**  
Ambassador of the Slovak Republic  
to Germany

I am confident that the current investment seminar will be very informative and that the speakers will introduce you to the Slovak automotive sector. Personally, I would also like to highlight the biggest advantages of the Slovak economy as a whole, as these two are closely tied together.

During the period 2000 and 2010 the Slovak economy (together with Poland) became one of the fastest growing EU economies. It reached its peak growth between 2005 — 2008, thanks to reforms and the inflow of foreign direct investment, especially in the automotive industry.

The inflow has been significantly supported by favorable ratio between labor costs and labor productivity. The total labor costs calculated in the purchasing power parity are the third lowest of all OECD members, and in the region of the neighbouring countries — the V4 Group. Moreover, Slovakia has a very favorable tax climate, with the lowest regional value added tax, and no gift, inheritance or dividend tax. Slovakia has been the member of the EU for more than 10 years. The membership has significantly influenced the Slovak economy (which became the part of the single market) and the society as well.

While in 2013 the unemployment rate was above 14%, prognoses for 2015 forecast that it should level at 11.5%. The decreasing unemployment rate has been supported by many governmental activities, including the introduction of a new legislation on dual education, which is based on the German model. Thanks to the new legislation we expect to increase educational standards, where graduates in Slovakia could receive a compatible skillset, similar to the one that the German system aims to achieve.

Today Germany is Slovakia's biggest import as well as export partner and I am confident that there is still a lot of potential for cooperation between our two countries. I would hereby like to invite you to use this potential.



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**RÓBERT ŠIMONČIČ**  
Chief Executive Officer  
SARIO

In the past two decades the automotive industry has become Slovakia's most important economic sector. Currently the carmakers and their supplier network make up 35% of Slovakia's industrial export, providing more than 200,000 direct and indirect job positions. The added value of the Slovak automotive industry in 2014 reached 2.5 bn Euro. This is a clear indicator of our steady political and growing economic environment, its positive forecasts, long-term tradition as well as improving innovation potential.

During this upswing, the Slovak Investment and Trade Development Agency (SARIO) has gained valuable expertise connected to this broad segment, experience that we transfer into our consultancy services on a regular basis.

We will gladly provide you with tailor made analyses for your particular segment of the automotive industry, give you consultancy regarding investment aid, help you search for potential subcontractors and aid you with site selection.

We hope that this IAA investment seminar will introduce you the Slovak success story and that your business case will lead you to our doorsteps.



SUCCESS  
STORY

**AXEL MALLENER**  
General Manager  
plant Brose Bratislava

*"Brose has been present in the Slovak capital of Bratislava for the last 14 years with a production facility. Due to our excellent experience with its government, especially its Ministry of Economy, we are planning to commission an additional plant in this country. Production is scheduled to start in Prievidza in the summer of 2016. We will create 600 jobs within the first five years of operation, but see potential for considerably more. We want to start recruiting medium to highly-qualified employees right now to begin work in January 2016."*

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Brose is the world's fifth-largest family-owned automotive supplier. It develops and produces innovative mechatronics systems for vehicle doors and seats as well as electric motors. There are over 23,000 Brose employees working at 60 locations in 23 countries generating a turnover of approximately 5.2 billion Euro. Our core competence is the synthesis of mechanical, electrical and electronic systems. Every second new vehicle worldwide is equipped with at least one Brose product. Our mechatronics expertise increases vehicle comfort, safety and efficiency. Brose's goal is stable, self-financed growth. This is how it has established itself as one of the top 40 companies in the industry worldwide. It is the fifth largest automotive supplier in family ownership and, with numerous patent applications per year, is one of Germany most innovative companies.



SUCCESS  
STORY

**HERWIG JÖRGL**  
Director Business Development  
Matador Holding, a.s.

*"The rich automotive history in the former Czechoslovakia provided the right basis for leading car manufacturers to relocate to this region. Highly skilled workforce, convenient central European location, strives for innovation and competitive labour costs explain the world leadership in produced vehicles per capita. We at the Matador Group are proud to be an active contributor to this fast growing industry in the automotive heart of Europe and through continuous development of new technological areas. I fully trust that we will sustain our leading position."*

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The Matador Group established a key position in the Central European automotive market as a system supplier of automotive and non-automotive parts. The company was founded more than 100 years ago and significantly influenced the history of tire production far beyond the Slovak borders. Nowadays we diversified our product and service portfolio with a clear focus on innovative engineering services, design of automotive components, design and assembly of automation lines, stamping tool production and serial production for the leading European OEM's. Our more than 1500 employees are located at our premises in Slovakia, Czech Republic and Russia. The global orientation enables us to provide our customers best services in time and quality which we see as a precondition to be the first choice for them. In addition to our core activities we strongly concentrate on innovative developments in the areas of production technologies, new material compositions and sophisticated joining possibilities for automotive applications.

**SARIO**

Slovak Investment  
and Trade Development Agency



## SARIO is your one stop shop for investment and trade in Slovakia. Talk to us today!

### INVESTMENT SERVICES

We will take your investment plans in Slovakia from A through Z to success. We provide in-depth information about Slovak business environment, industry opportunities, complex information on setting up a business, site selection assistance as well as real estate consultancy and complex aftercare services for established investors.

### FOREIGN TRADE SERVICES

SARIO ensures identification of potential suppliers and subcontractors by matching your sourcing and procurement needs with the potential of Slovak producers. Business networking and matchmaking events bring Slovak partners closer to your company.

**SARIO IS THE OFFICIAL GOVERNMENTAL AGENCY PROMOTING SLOVAK INVESTMENT OPPORTUNITIES AND BUSINESS POTENTIAL.**

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