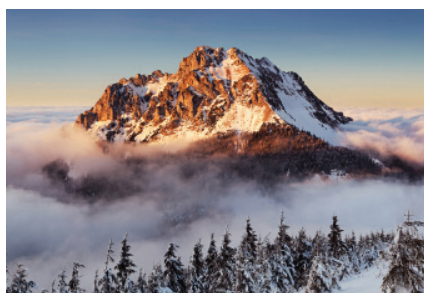


# Why SLOVAKIA



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 km<sup>2</sup>  
**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

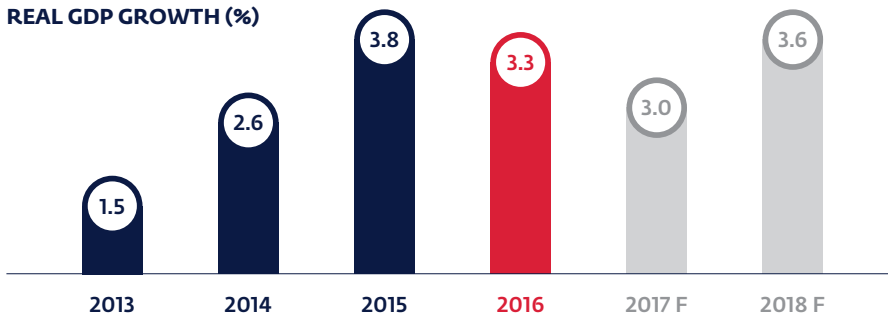


# Macroeconomic Overview

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

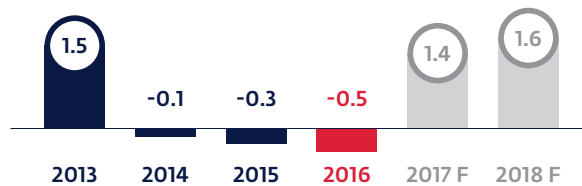
## REAL GDP GROWTH (%)



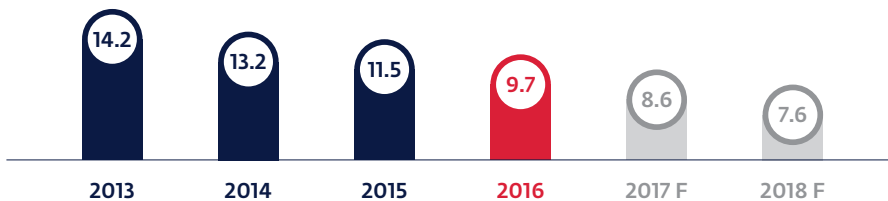
## HIGHLY OPEN ECONOMY



## HICP INFLATION (%)



## UNEMPLOYMENT RATE (%)



## SLOVAKIA COUNTRY CREDIT RATINGS



Standard & Poor's



Moody's



Fitch Ratings



OECD Country Risk

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



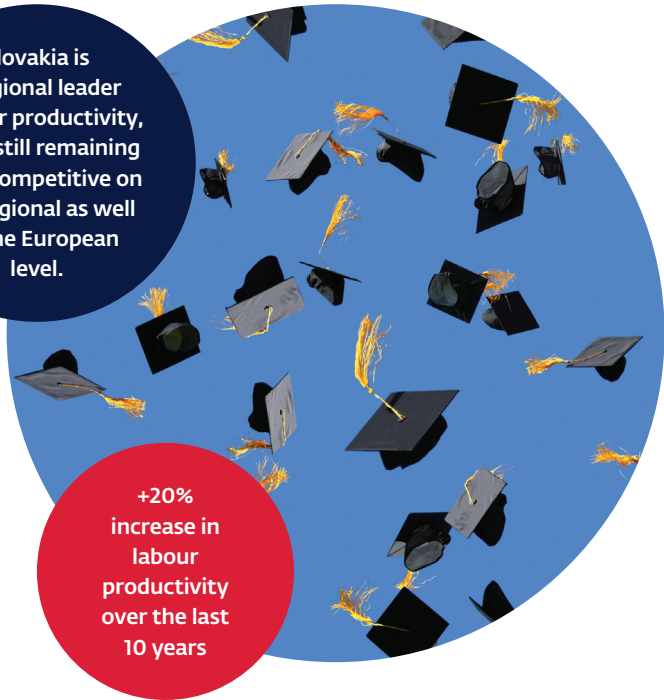
## Top 10 Reasons to Invest in Slovakia

- 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

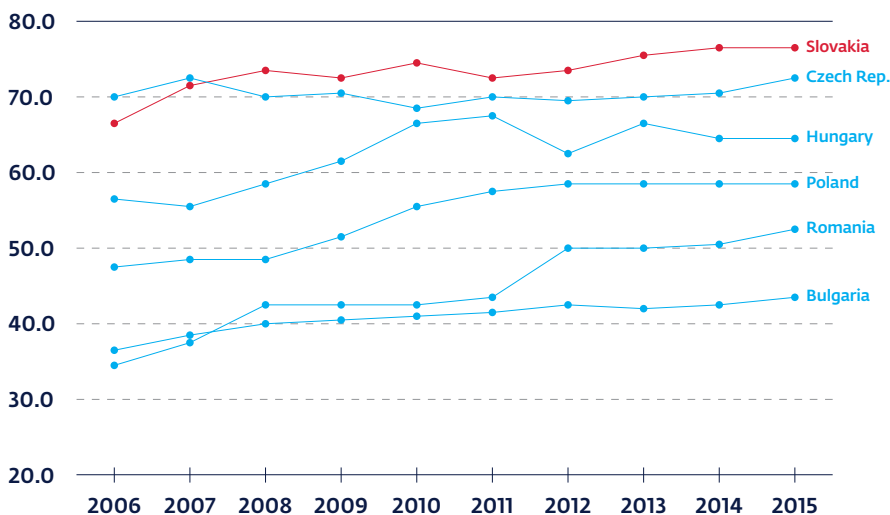
# Qualified Labour Force

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.

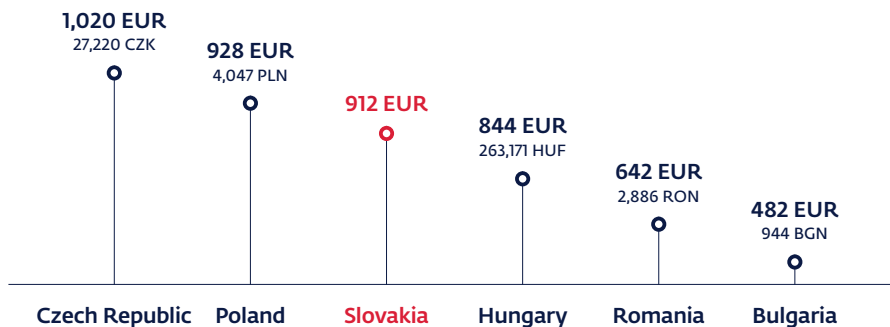


## LABOUR PRODUCTIVITY IN CEE



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.

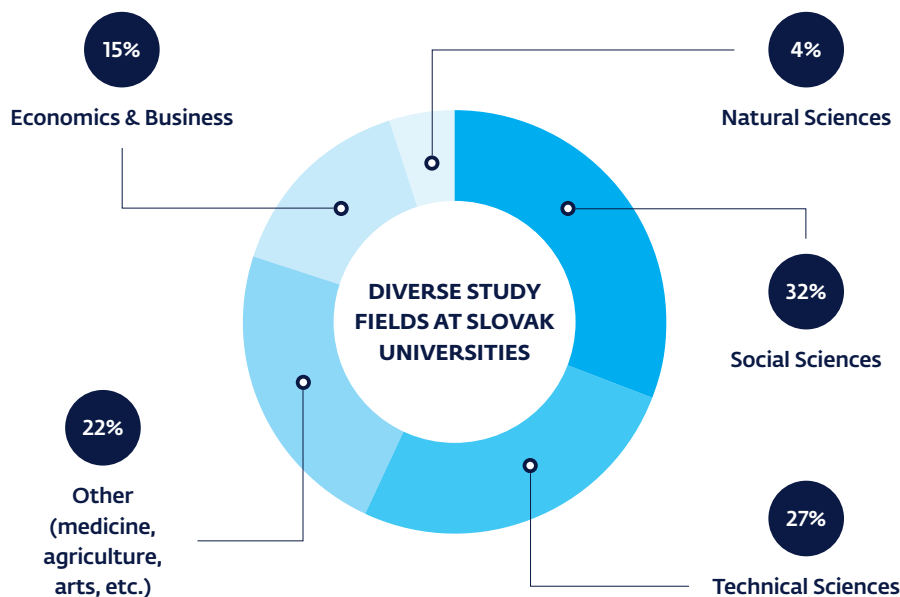
## UNIVERSITY EDUCATION

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



of Slovak population speaks at least one foreign language



of all secondary school students study at least one foreign language

## THE MOST COMMON FOREIGN LANGUAGES TAUGHT AT SLOVAK SECONDARY SCHOOLS



## UNIVERSITY COOPERATION WITH COMPANIES

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

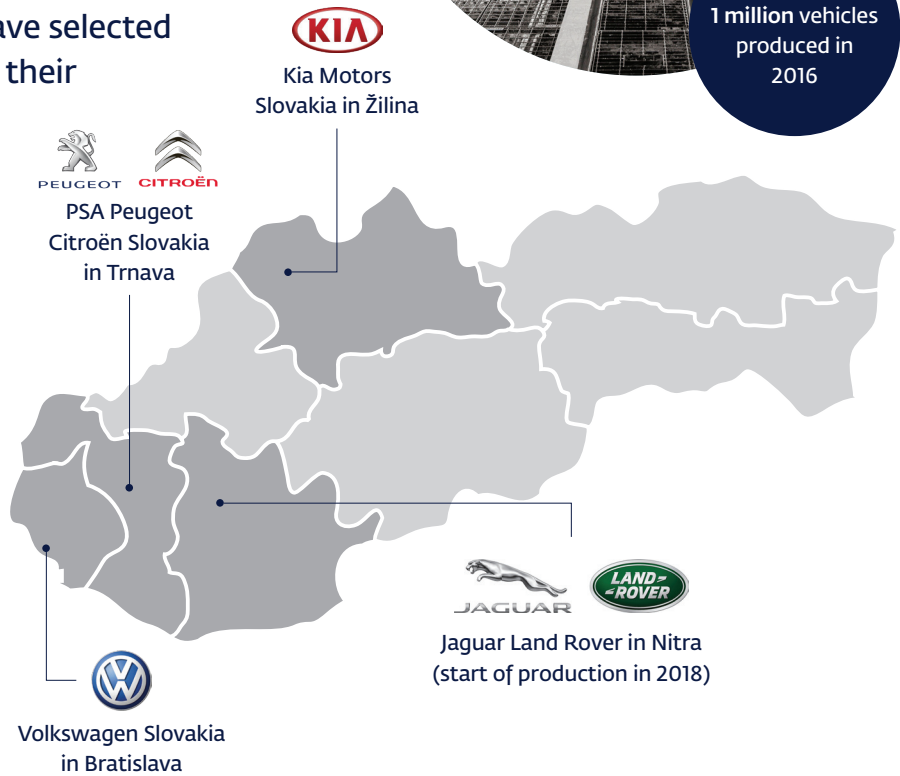
Source: The Institute for Information & Prognosis in Education for Academic Year 2015/16, State Vocational Training Institute, Center of Scientific & Technical Information, Automotive Industry Association of the Slovak Republic

# 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.



**33%**

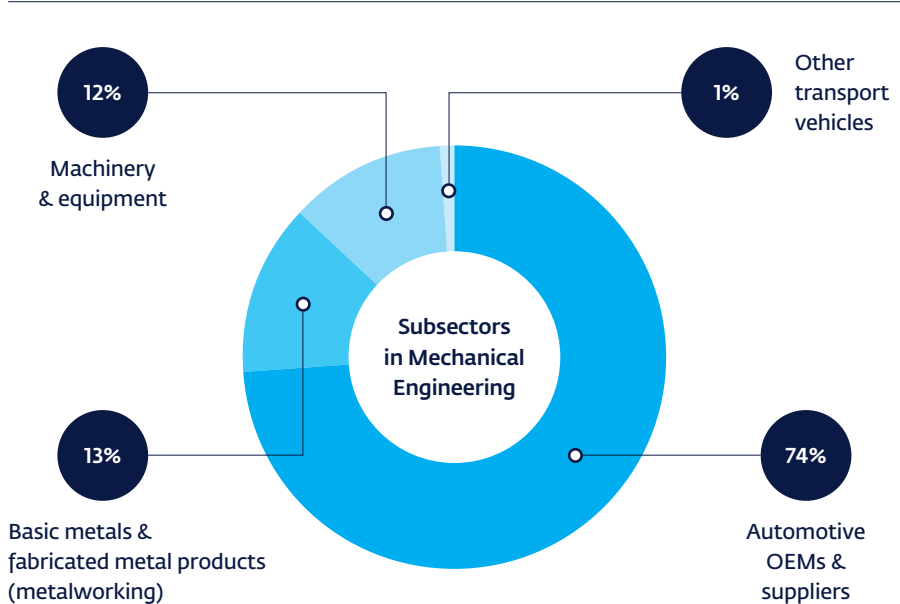
Of industry workers employed by the mechanical engineering sector

**42%**

Share of mechanical engineering on the country's industrial production

**50%**

Share of mechanical engineering on the total industrial export



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

## 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



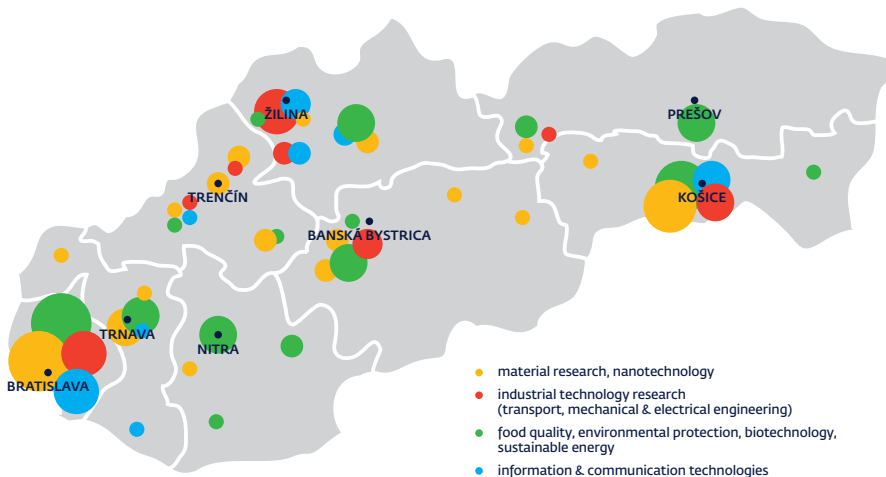
## SSCs & ICT Stories in Slovakia



# 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

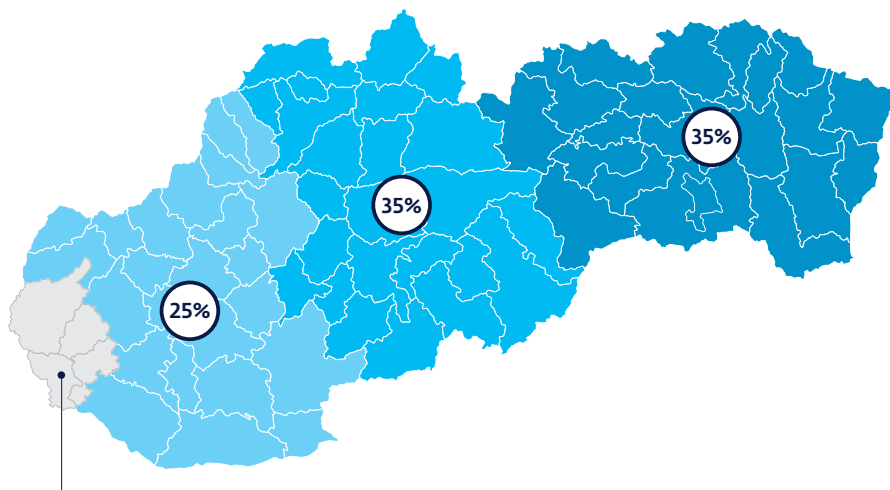


# Investment Incentives

The primary role of the investment incentives is to motivate investors to place their new projects in regions with higher unemployment and to attract projects with higher added value. 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

for SMEs additional 10 to 20 %



Bratislava region excluded

### INDUSTRY

Minimum investment amount, number of newly created jobs and share of new technology are subject to the unemployment rate in the selected district and forms of aid required.

If applying for income tax relief, the following criteria have to be met in regards to particular districts category:

- 6 mil. EUR and 60% share of new technology
- 3 mil. EUR and 50% share of new technology
- 1,5 mil. EUR and 40% share of new technology
- 0,2 mil. EUR and 30% share of new technology
- Expansion includes minimum increase in the production volume or turnover by at least 15%.

Other forms of aid are subject to different requirements.

### TECHNOLOGY CENTERS

- Minimum investment of 200 ths. EUR on fixed assets in all regions
- Minimum of 20 newly created jobs
- Minimum 1,7 fold of average salary in the district paid to new employees

### SHARED SERVICES CENTERS

- Minimum of 50 newly created jobs
- Min 1,5 fold of average salary in the district paid to new employees

\*Conditions differ for projects from 'Priority areas'. Please contact us at [invest@sario.sk](mailto:invest@sario.sk) for more information.



### ELIGIBLE PROJECTS

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

- Industry
- Technology Centers
- Combined Projects of Industrial Production and Technology Center
- Shared Services Centers

### 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.
- Rent of new land/building

### OR

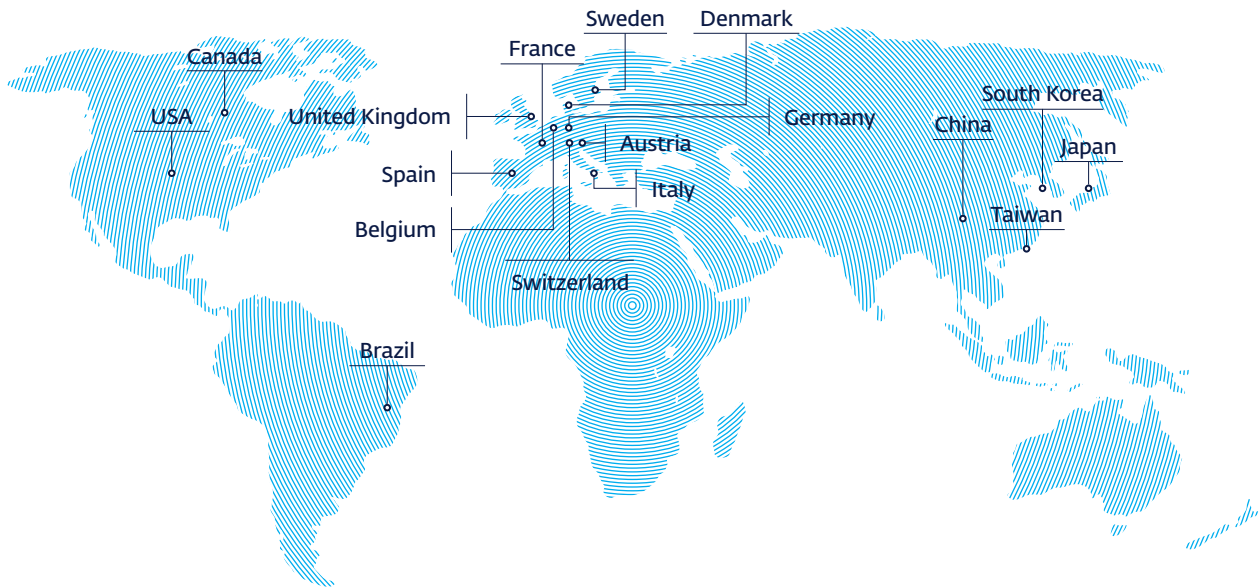
- Wage costs of new employees for the period of 2 years

### FORMS OF INVESTMENT INCENTIVES

- Tax relief
- Cash grant
- Contributions for the newly created jobs
- Rent/Sale of real estate for a discounted price

# 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



nearly 500  
successful SARIO  
projects since  
2002

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