

Slovakia in Figures 2013-14



AMERICAN CHAMBER OF COMMERCE
IN THE SLOVAK REPUBLIC

Developed Infrastructure



Petržalka in Bratislava - The most dense urban area in Central Europe

Productive and Modern Industry



Kia in Slovakia - State-of-the art production facility

Beautiful Nature



Tatras - View from Štrbské pleso

The Best Deal in the Eurozone = Slovakia



The fastest desktop Internet; the 10th fastest mobile Internet - excellent IT infrastructure
The most productive labor force in OECD - the highest return on labor investment
The lowest labor cost in Eurozone

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AMERICAN CHAMBER OF COMMERCE
IN THE SLOVAK REPUBLIC

- 19 - Years in Slovakia
- 20 - Percentage of Slovakia's GDP produced by AmCham members
- 320 - Number of members
- 100,000 - Number of employees in AmCham membership
- 15,500,000,000 - Turnover in EUR of our top 100 companies

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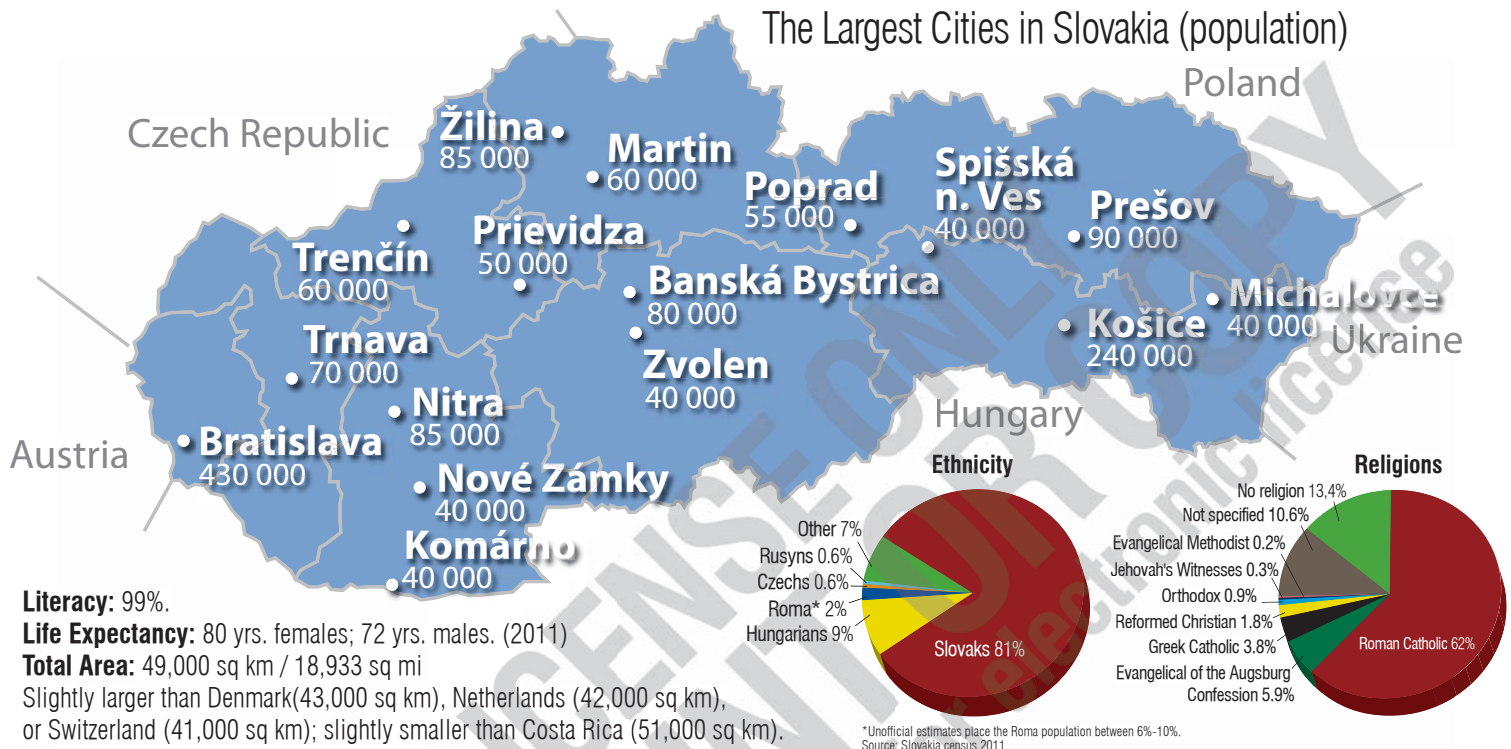
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Slovakia in Figures 2013-14

Population – 5.4 mil.

(Similar to Denmark, Finland, Singapore, Minnesota, or New Zealand)



Politics & Ratings

The 2nd highest rating in V4 region

V4 - Visegrad countries: Czech Republic, Hungary, Poland and Slovakia



President
Ivan Gašparovič
(2004 - 2009;
2009 - spring 2014)



Prime Minister
Robert Fico
(2012 - spring 2016)
Smer-SD

Government

Type: Parliamentary democracy.

Independence: The Slovak Republic was established January 1, 1993 (former Czechoslovak Republic established 1918).

Branches:

Executive – President (head of state), Prime Minister (head of government), cabinet.

Legislative – National Council of the Slovak Republic (150 seats).

Judicial – Supreme Court, Constitutional Court.

Political parties: 150 parliamentary seats:

Smer-SD (83)[55%]; KDH (16); OĽaNO (16); Most-Hid (13); SDKU-DS (11); SaS (11)

Next parliamentary elections: 2016

Suffrage: Universal at 18 years.

Administrative divisions: 8 administrative regions, 79 districts.

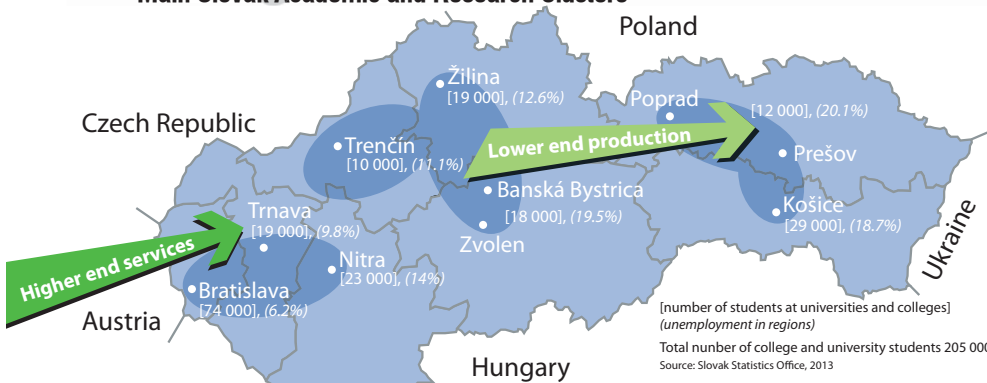
Countries Ratings (Oct 1, 2013)			
	MOODY	S&P	FITCH
SK	A2	A	A+
CZ	A1	AA-	A+
PL	A2	A-	A-
HU	BA1	BB	BB+

■ Highest rating
Source: Slovenská Sporiteľňa, 2013

Economy, R&D and Knowledge Centers

High Quality Labor: a hub for ICT and shared service centers

Main Slovak Academic and Research Clusters



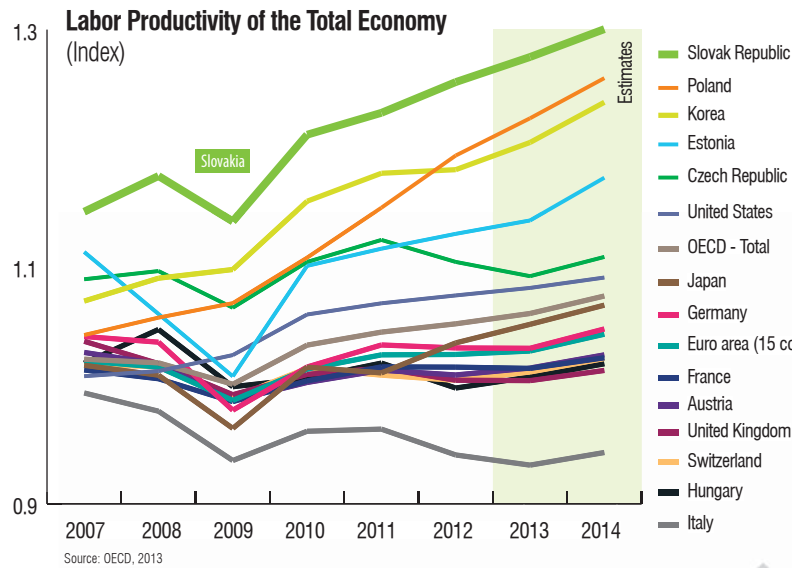
Top 8 ICT companies: Employees At Year End

#	Company	2012	2011	2010	2009
1	IBM	4 330	4 000	3 600	3 200
2	AT&T	2 900	2 200	n/a	n/a
3	T-systems	2 596	2 136	1 961	1 487
4	Dell	1 839	1 763	1 699	1 469
5	HP	1 700	1 430	890	n/a
6	Accenture	1 128	1 120	950	780
7	Lenovo	690	630	600	600
8	First Data	433	336	n/a	n/a
Total		15 616	13 615	9 700	7 536
Y/Y Growth		15%	14%	17%	n/a

Source: TREND, 2013

Labor Productivity and Export/Import

SLOVAKIA: The world leader in vehicles produced per capita



2012

1.25
1.19
1.18
1.13
1.11
1.08
1.06
1.05
1.04
1.04
1.03
1.02
1.02
1.02
1.01
0.96

Export/Import by countries in 2012

#	Export	%	Import	%
1	Germany	21,3	Germany	16,4
2	Czech Republic	14,1	Russia	11,5
3	Poland	8,1	Czech Republic	10,6
4	Hungary	7,2	South Korea	6,4
5	Austria	6,7	China	6
6	France	5,4	Poland	4,1
7	Italy	4,7	Hungary	4,1
8	Russia	4,2	Italy	3,4
9	United Kingdom	3,9	France	3,4
10	Netherlands	2,3	Austria	2,3
	Others	22,33	Others	31,8

Source: Ministry of Economy, August 2013

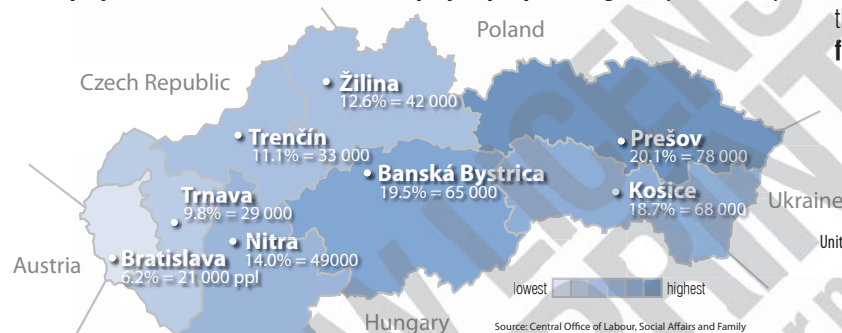
Year	Import (mil. €)	Export (mil. €)	Trade Balance
2011	55 768	56 783	+1 016
2012	59 224	62 833	+3 609
Change	+3 456	+6 050	

Source: Ministry of Economy, August 2013

Labor Market

The most productive and the lowest cost labor in Eurozone

Unemployment rate and number of unemployed people in regions (June 2013)



Labor Cost Structure (simplified)

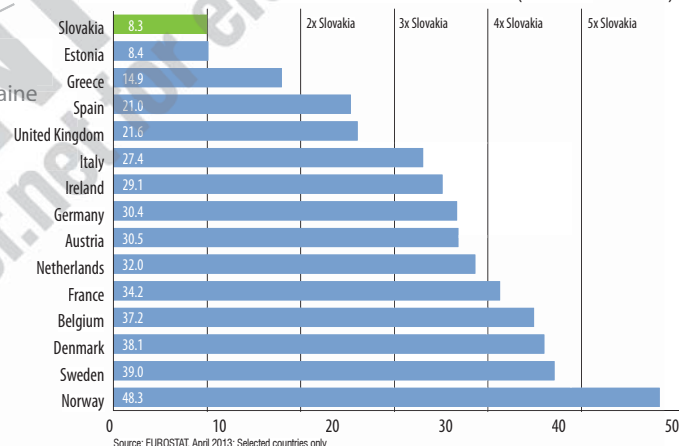
	Employee	Employer
Social Security	9,40%	25,20%
Healthcare Insurance	4,00%	10,00%

National Holidays: 15 days

The fees are derived from employees' gross salaries

Slovak labor is the **most productive** in the Eurozone. Labor **costs** are the **lowest**. Skilled workers are readily **available**. Labor **laws** allow **more flexibility** for employers than those in the other Eurozone countries.

Slovakia offers the lowest labor cost in Eurozone (2012 in €/hour)



Logistics & ICT Infrastructure

Modern and developed infrastructure

Easily accessible from Western Europe - Bratislava only 70km from Vienna, Austria

Mobile service operators: Orange, T-Mobile and O2



Internet:

Fastest desktop Internet in the world
10th fastest mobile Internet in the world
source: Google, Inc., 2012

Mobile Network coverage:

Orange: population: 99.6% / territory: 90%
Slovak Telekom: population: 99% / territory: N/A
O2: population: 96% / territory: N/A

Mobile Data Connection:

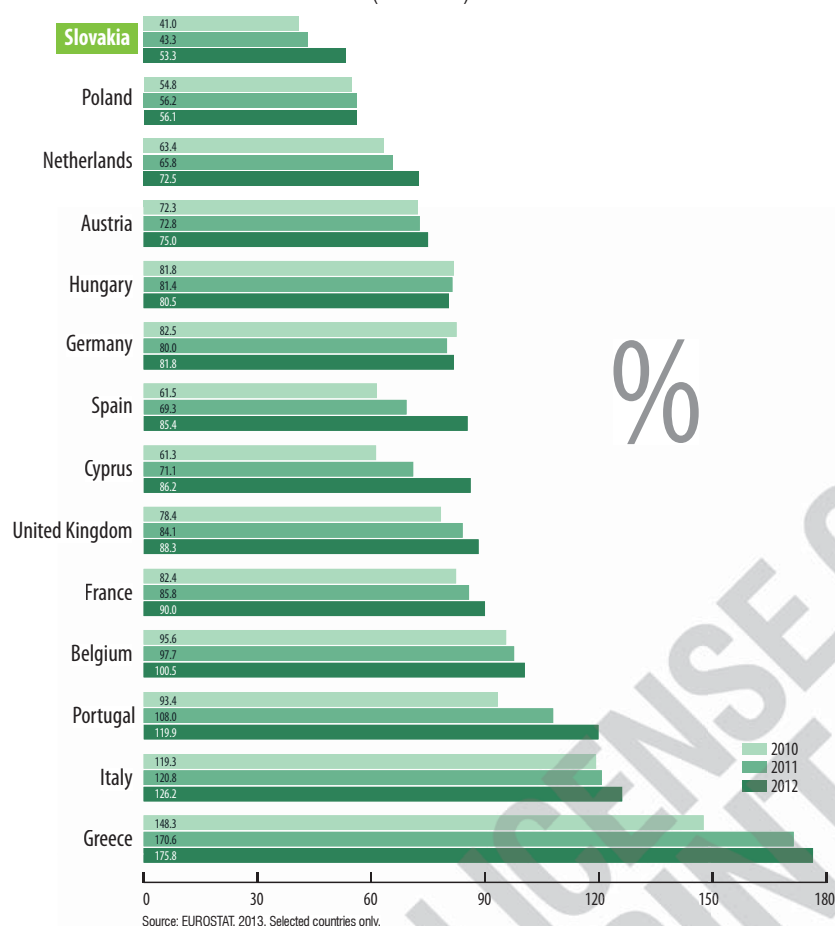
Orange: 42.2 Mbps download / 5.8 upload (72% of population)
FTTH (Fiber To The Home) 100Mbps download / 100Mbps upload: available in 17 cities to 15.9% of population.
Slovak Telekom: 42 Mbps download / 5.8 upload
Internet optik: 80 Mbps download / 8 upload available in 22 cities to 368,000 households.
O2: 14.4 Mbps download / 2 upload
100 Mbps download / 20 upload (pilot LTE technology)
Various options of high-speed Internet are available through landlines and satellite operators.

Source: Orange, Slovak Telekom, O2

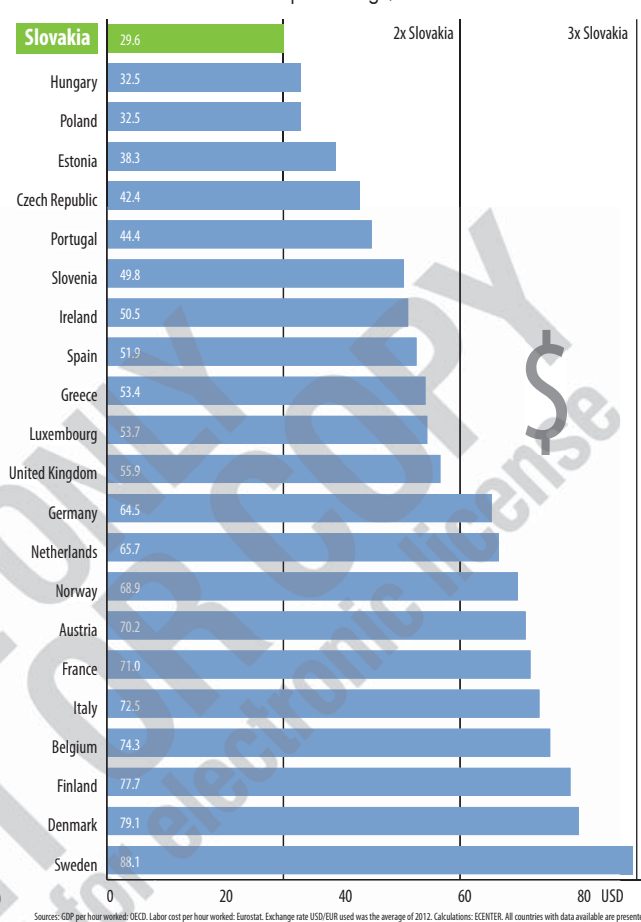
Stable and Sustainable Economy

Debt: Only 53.3% of GDP; Labor cost of producing \$100 is only \$29.6

General Government Debt (% of GDP)



Labor cost of producing \$100 GDP in 2012



Top Slovak Companies

Largest companies: 14,500 employees, € 6.6 bil. in sales

#	Rank in TOP 200	The Largest Employers in Slovakia (Slovak Headquarter Location)	Average number of employees		Change (%)	Increase (decrease) in number of employees		Personal costs (EUR 1,000)		Profit per employee (EUR)		Sales per employee (EUR)
			2012	2011	2012/11	2012 - 11	2011 - 10	2012	2011	2012	2011	2012
1.	23.	Železnice SR, Bratislava	14 474	15 820	-8,5	-1 346	-1 135	210 439	217 177	1 081	-2 009	33 936
2.	42.	Slovenská pošta, a.s., Banská Bystrica	13 740	14 240	-3,5	-500	-361	n	n	-199	-641	21 508
3.	6.	U.S. Steel Košice, s.r.o., Košice	10 850	11 095	-2,2	-245	-34	257 227	253 205	2 550	-2 232	216 819
4.	9.	Tesco Stores SR, a.s., Bratislava	10 000	9 500	5,3	500	700	n	n	n	4 099	137 100
5.	1.	Volkswagen Slovakia, a.s., Bratislava	9 400	8 400	11,9	1 000	1 400	263 438	206 163	18 118	16 088	700 792
6.	40.	Železničná spoločnosť Cargo Slovakia, a.s., Bratislava	7 015	8 701	-19,4	-1 686	-913	94 853	104 389	-3 414	-38	44 928
7.	36.	Železničná spoločnosť Slovensko, a.s., Bratislava	5 750	4 862	18,3	888	-133	90 108	70 789	-1 960	-3 243	62 631
8.	5.	Slovenské elektrárne, a.s., Bratislava	4 792	4 924	-2,7	-132	-306	145 132	136 419	92 963	92 849	724 759
9.	35.	INA Skalica, s.r.o., Skalica	4 173	3 943	5,8	230	733	76 889	73 088	1 808	2 346	89 661
10.	17.	Kaufland Slovenská republika, v.o.s., Bratislava	4 006	3 523	13,7	483	-799	n	n	n	7 768	164 840

Source: Trend, Top 200, July 2013

#	The Largest Nonfinancial Companies (Slovak Headquarter Location)	Total sales (EUR 1,000)	Change (%)	Value added/total sales (%)	After - tax profit (EUR '000)	Average number of employees	Sector
		2012	2011	2012/11	2012	2011	
1.	Volkswagen Slovakia, a.s., Bratislava	6 587 443	5 192 936	26,9	8,5	7,8	Automotive
2.	Slovnaft, a.s., Bratislava	4 626 607	4 729 687	-2,2	6,5	5,3	Petroleum ref.
3.	Kia Motors, s.r.o., Žilina	3 919 126	3 328 383	17,7	12,2	10,8	Automotive
4.	Samsung Electronics Slovakia, s.r.o., Galanta	3 647 912	3 152 763	15,7	5,6	9,2	Electronics
5.	Slovenské elektrárne, a.s., Bratislava	3 473 047	2 848 676	21,9	19,9	22	Energy
6.	U.S. Steel Košice, s.r.o., Košice	2 352 491	2 436 273	-3,4	16,6	15,9	Metallurgy
7.	Slovenský plynárenský priemysel, a.s., Bratislava	1 978 264	2 519 590	-21,5	11,8	17,5	Energy
8.	PCA Slovakia, s.r.o., Trnava	1 936 214	1 642 432	17,9	15	12,8	Automotive
9.	Tesco Stores SR, a.s., Bratislava	1 371 000	1 313 227	4,4	n	n	Retail
10.	Západoslovenská energetika, a.s., Bratislava	1 029 987	975 986	5,5	24,3	26,6	Energy

Source: Trend, Top 200, July 2013

Indicator (Slovakia, if not mentioned otherwise)	in	Real 2010	Real 2011	Real 2012	Forecast			
					2013	2014	2015	2016
GDP in current prices	bil.EUR	65.9	69.1	71.5	73.0	75.8	79.5	83.5
Real GDP growth	%	4.0	3.3	2.0	0.8	2.2	2.9	3.1
GDP in the Czech republic (real growth)	%	2.3	1.7	-1.0	-0.9	1.7	-	-
GDP in Germany (real growth)	%		3.0	0.7	0.5	1.5	-	-
GDP in Eurozone (real growth)	%	1.8	1.5	-0.7	-0.5	0.9	-	-
Household consumption real growth	%	-0.3	3.2	2.0	0.8	2.2	2.9	3.1
Household consumption nominal growth	%	0.6	3.4	3.1	2.0	2.5	4.3	4.6
Average monthly salary growth	%	3.2	2.2	2.4	2.6	2.8	3.4	3.5
Average monthly salary real growth	%	2.2	-1.6	-1.2	0.9	1.1	1.3	1.2
Salaries as % of GDP	%	30.1	29.9	29.6	29.5	29.3	29.0	28.8
Average Nominal Monthly Salary	€	769	786	805	826	849	878	909
Average Nominal Monthly Salary Growth (€ 805 in 2012)	%	3.2	2.2	2.4	2.6	2.8	3.4	3.5
Private Sector (€ 804 in 2012)	%	3.5	2.7	2.2	2.5	2.9	4.0	4.2
Public Sector (€ 810 in 2012)	%	2.6	0.2	3.7	2.8	2.1	0.4	-0.1
Labor Productivity	%	5.9	1.4	2.0	1.8	2.0	2.3	2.5
Unit labour cost	%	-0.8	-0.4	0.0	0.4	0.8	1.1	1.0
Employment: average growth	%	-2.0	1.5	-0.1	-1.0	0.2	0.6	0.7
Unemployment rate (%)	%	14.4	13.5	14.0	14.5	14.3	13.6	12.7
Real disposable income growth	%			0.1	0.5	1.1	1.8	12.1
CPI Growth (Consumer Price Index - Inflation)	%	1.0	3.9	3.6	1.6	1.7	2.1	2.3
Harmonized Index Of Consumer Prices (HICP)	%	0.7	4.1	3.7	1.7	1.7	2.1	2.3
Account Balance (as a % of GDP)	%	-3.5	0.1	2.2	3.2	3.5	4.6	6.3
Consumption of Public Administration (real growth)	%	0.1	-2.9	-0.1	-6.3	-2.1	9.0	-1.7
Creation of Gross fixed capital (real growth)	%	3.6	14.2	-3.7	-5.8	2.9	0.2	-1.4
Export /products and services/ (real growth)	%	16.4	10.8	8.6	4.8	4.3	4.5	5.1
Import /products and services/ (real growth)	%	14.9	4.5	2.8	1.7	3.3	2.9	3.3
International Trade Balance	bil. EUR	0.1	2.44	3.59	5.44	5.71	6.91	8.56
Exchange rate (Eur/USD)	EUR/USD	1.33	1.31	1.31	1.30	1.24	1.23	1.22
Euribor (3 month average)	%	0.8	1.4	0.6	0.2	0.4	1.2	2.1
Yield of Slovak 10 year bonds	%	4.0	4.4	3.4	2.7	3.4	4.0	4.3
Net Inflation (average)	%	0.9	1.5	2.5	1.2	1.7	2.0	2.3
Deflators' Growth - GDP	%	0.5	1.6	1.4	1.3	1.6	1.9	1.9
Foreign Direct investment (net inflow to Slovakia - capital and reinvested profit)	mil. USD	304	1729	712	850	1520	1860	1919
Crude oil (average price)	USD/bil.	79.9	112.1	112.0	110.2	115.5	117.8	119.8
Foreign Direct investment (net inflow to Slovakia / GDP)	%	0.5	2.4	1.0	1.2	2.0	2.3	2.3
Slovakia's bond Yield - 10 year (average)	%		4.4	3.4	2.7	3.4	4.0	4.3

Source: Ministry of Finance of the Slovak Republic, September 26, 2013.

■ Taxes, State Aid, Subsidies, and Support

Simple tax system; Available state aid

The tax system is compliant with the tax systems of the EU

- Corporate income tax: 23% (planned to decrease to 22% since January 1, 2014)
- Capital Gains tax: 23%
- Withholding tax: Interest: 19%, Royalties: 19%
- Dividends: Not subject to tax
- VAT (Value Added Tax or Sales Tax):
 - 20% - almost all products and services
 - 10% - textbooks and most healthcare related products
- Tax exemption: Postal Services, Health Care, certain Financial, Insurance and other Services
- Personal Income tax and Capital Gains tax: 19%. It is 25% when the tax base is over EUR 34,401.74.
- Foreign persons can be subject to Slovak taxation if they spend more than 183 days of the calendar year in Slovakia.
- Excise tax: imposed on certain types of goods: mineral oils, liqueurs, beer, wine, tobacco products, electricity, coal and natural gas.
- There are three Real Estate Property taxes: 1) land tax and 2) tax on apartments and non-residential premises within apartment buildings 3) tax on buildings.
- Tax on land is levied at 0.25% of the tax base which would be assessed by the municipality. Rates vary depending on the type of land and its location.
- Real Property tax: Tax on buildings - depending on the municipality, it is usually between Eur 0.03 to Eur 0.33 per sq. m. of the floor area.
- Real Estate tax: Transfer tax was abolished in 2005; Capital gains are taxable as regular income tax.
- VAT registration is obligatory for entities with revenues exceeding 49 790 EUR within 12 consecutive months.
- A taxable person not having the seat, place of business, fixed establishment, domicile or habitual residence within the country (hereinafter referred as a „foreign person“) must file an application for tax registration at the Tax Office Bratislava before commencing an activity that is subject to tax.
- There are special taxes imposed on certain assets (i.e. vehicle road tax).

Some adjustments are expected to be introduced in 2014.

The Largest State Aid Projects

#	Company/Project	State Aid (Eur)	Year
1	KIA Motors, s. r. o. (Project 1)	135,225,371	2004
2	PCA Slovakia, s.r.o	120,543,491	2003
3	Mobis Slovakia, s. r. o.	35,581,970	2004
4	AU Optronics Slovakia	34,900,000	2011
5	KIA Motors, s. r. o. (Project 2)	34,134,573	2007
6	SONY SLOVAKIA, spol. s r.o.	31,381,551	2006
7	Samsung Electronics Slovakia s.r.o.	29,438,292	2006
8	Universal Media Corporation /Slovakia/ s.r.o.	21,038,282	2004
9	KIA Motors, s. r. o. (Project 3)	15,070,000	2009
10	Johnson Controls Lučenec, s. r. o.	13,333,333	2006

Source: SARIO, Ministry of Finance of the Slovak Republic

Stimulus laws:

- Act no. 561/2007
- Act no. 56/2009
- Act no. 231/1999
- Act no. 5/2004
- Act no. 595/2003
- Regional National Map (2007-13)
- Act no. 231/2011
- Act no. 481/2011

State aid in regions:

- Bratislava: 0%
- Western Slovakia: 40%
- Central Slovakia: 50%
- Eastern Slovakia: 50%

(Percent value represents maximum level of state aid contribution per project in a specific region.)

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