

Slovakia in Figures

2015

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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

Talented People



Miroslav Trnka: one of the creators of NOD - globally successful antivirus software

Beautiful Nature and Towns



Banská Štiavnica - one of Slovakia's seven UNESCO heritage sites

Slovakia - The Best Deal in Europe



High quality, abundant, the second lowest labor cost in Eurozone, and the most productive labor force in OECD.

Excellent IT infrastructure - the fastest desktop Internet; the 10th fastest mobile Internet (2012, Google) the highest average peak mobile connection speeds in Europe (2014, Akamai).

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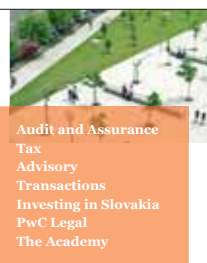
- 20 - Years in Slovakia
- 20 - Percentage of Slovakia's GDP produced by AmCham members
- 340 - Number of members
- 100,000 - Number of employees in AmCham membership
- 15,500,000,000 - Turnover in EUR of our top 100 companies

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Population – 5.4 mil.

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



Bratislava



Trnava



Trenčín



Nitra



Žilina



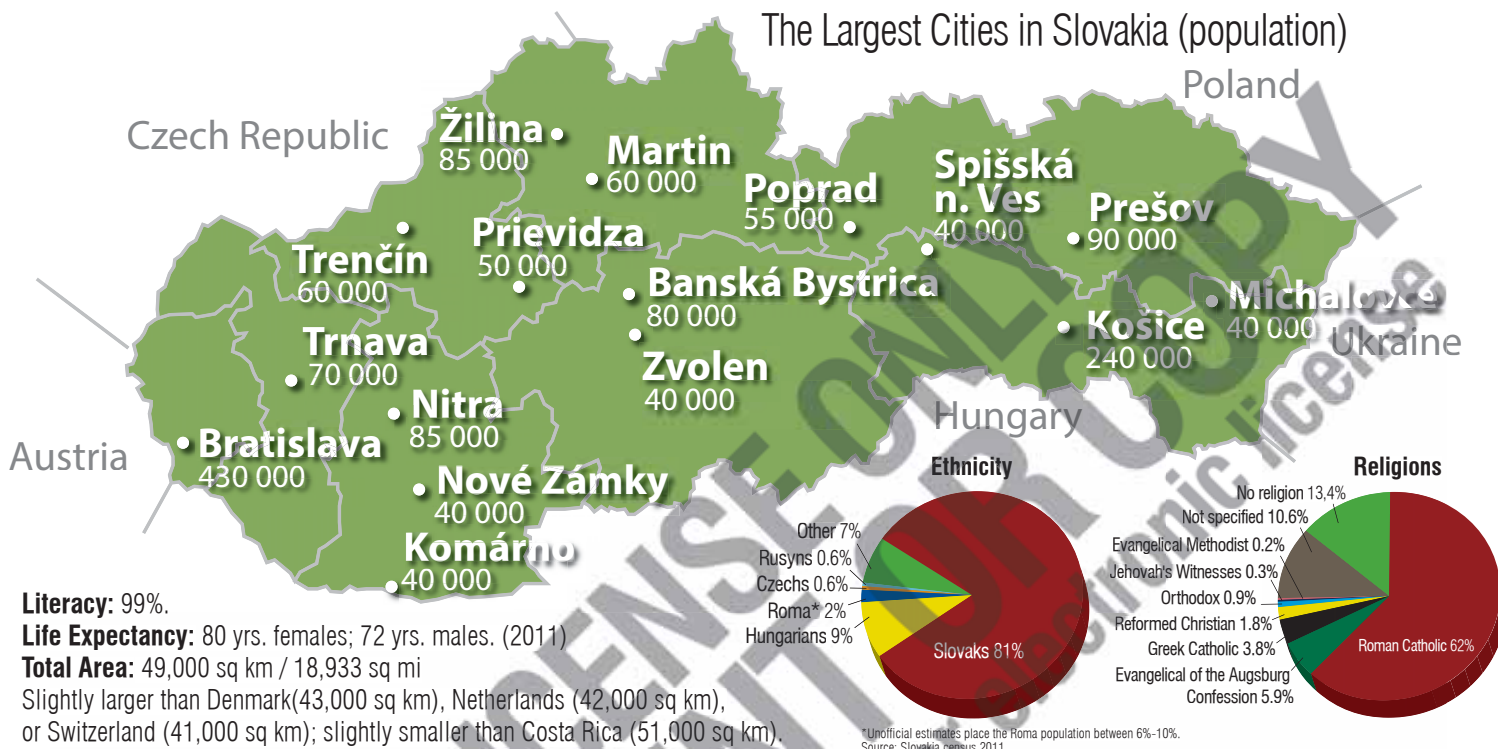
Banská Bystrica



Prešov



Košice



Politics & Ratings

The 2nd highest rating in V4 region

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



President
Andrej Kiska
(2014 - 2019)



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 (Dec 16, 2014)

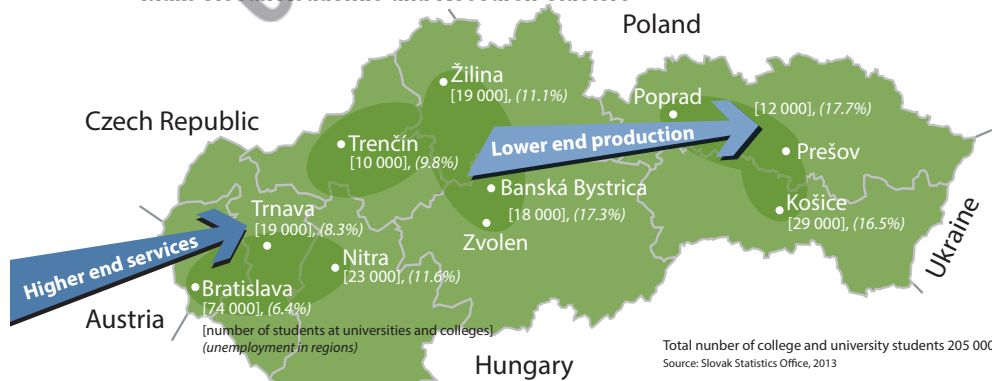
	Moody's	S&P	Fitch	
SK	A2	A	A+	A
CZ	A1	AA-	A+	A+
PL	A2	A-	A-	A-
HU	BA1	BB	BB+	BB

■ Highest rating
Source: Slovenská Sporiteľňa

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 and Shared Service Centers Employees At Year End

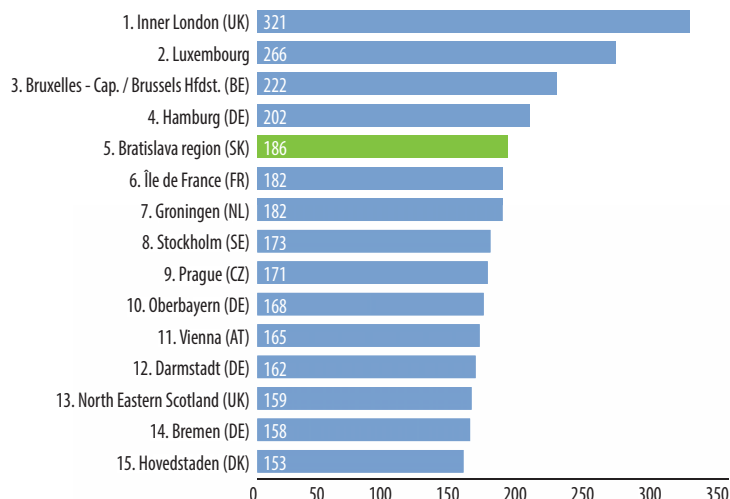
#	Company	2013	2012	2011	2010
1	IBM	4 700	4 330	4 000	3 600
2	AT&T	3 000	2 900	2 200	n/a
3	T-systems	2 890	2 596	2 136	1 961
4	Dell	1 833	1 839	1 763	1 699
5	HP	1 700	1 700	1 430	890
6	Accenture	1 307	1 128	1 120	950
7	Lenovo	592	690	630	600
8	First Data	440	433	336	n/a
Total		18 475	15 616	13 615	9 700
Y/Y Growth		18%	15%	14%	17%

Source: TREND, 2013

Labor Productivity and Export/Import

SLOVAKIA: Produces high quality products, mostly for Germany

Regional GDP per Capita in the EU28 in 2011



Source: Eurostat, the most recent study as of Nov. 2014.

Export/Import by countries in 2013

#	Export	%	Import	%
1	Germany	21.1%	Germany	15.5%
2	Czech Republic	13.6%	Czech Republic	10.4%
3	Poland	8.3%	Russia	10.2%
4	Hungary	6.2%	South Korea	8.6%
5	Austria	6.1%	China	7.2%
6	France	5.0%	Poland	4.7%
7	United Kingdom	4.6%	Hungary	4.4%
8	Italy	4.5%	Italy	3.1%
9	Russia	4.0%	France	2.8%
10	China	2.5%	Austria	2.5%
	Others	24.1%	Others	30.6%

Source: Ministry of Economy, November 2014

Year	Import (mil. €)	Export (mil. €)	Trade Balance
2012	58 588	62 144	+3 556
2013	60 077	64 361	+4 284
Change	+1 489	+2 217	+728

Source: Ministry of Economy, August 2014

Labor Market

SLOVAKIA offers the second lowest labor cost in Eurozone

Unemployment rate and number of unemployed people in regions (Aug 2014)



Source: Central Office of Labour, Social Affairs and Family

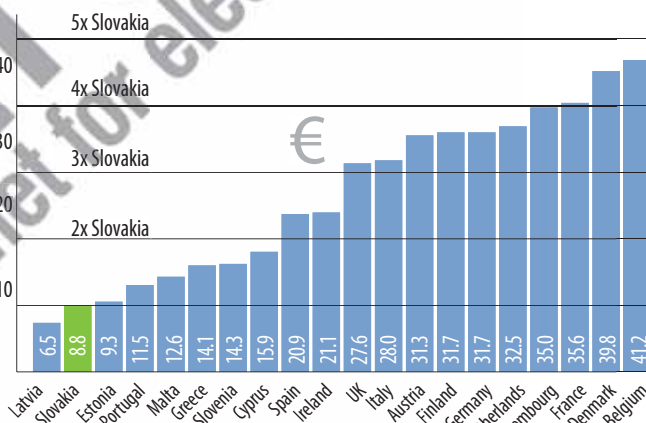
Labor Cost Structure (simplified)

	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

Slovakia offers the 2nd lowest labor cost in Eurozone (2013 in €/hour)
Slovak labor is the most productive in Eurozone. Labor costs are the 2nd lowest. Skilled workers are readily available. Labor laws allow more flexibility for employers than those in the other Eurozone countries.

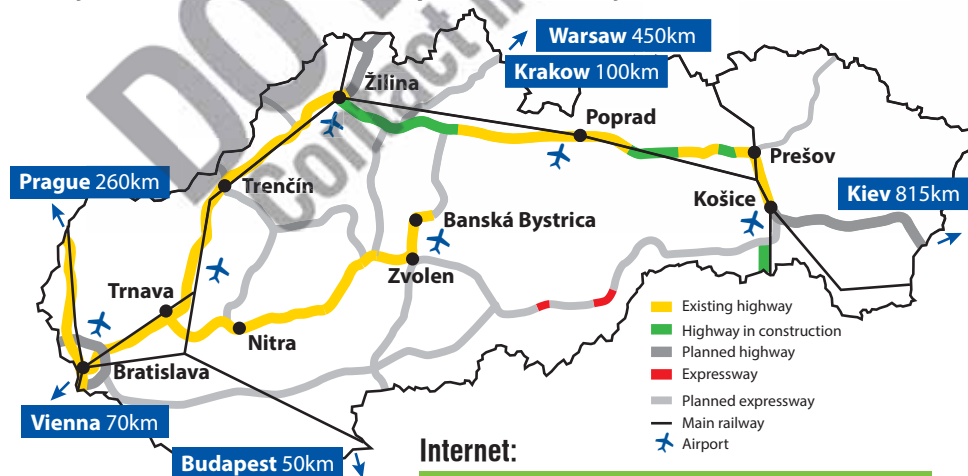


Source: Statistical Office in Germany, 2014.

Logistics & ICT Infrastructure

SLOVAKIA provides modern and developed infrastructure

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



Internet:

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

Mobile services

Provider	Mobile Network Coverage		Data Connection	
	Population	Territory	Download	Upload
Orange	99.6%	90%	150 Mbps	50 Mbps
Slovak Telekom	99%	N/A	150 Mbps	50 Mbps
O2	98.1%	N/A	25 Mbps	15 Mbps

Source: Orange, Slovak Telekom, O2

Various options of high-speed Internet are available through landlines and satellite operators.

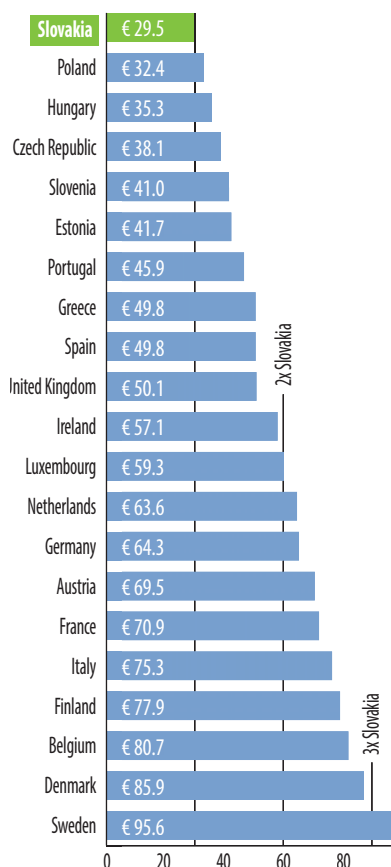
The highest average peak mobile connection speeds within the individual continental regions

Continent	Country	Mbps
Oceania	Australia	114.2
Asia	Japan	47.3
Europe	Slovakia	37.0
North America	Canada	21.5
Africa	Morocco	14.6
South America	Chile	11.2

Source: Akamai's State of the Internet Q1 2014 report | Volume 7 Number 1

Stable and Sustainable Economy SLOVAKIA: the most effective production in OECD and the highest growth in the EU

Labor cost of producing €100 of GDP in 2013



Sources: GDP per hour worked: OECD. Labor cost per hour worked: Eurostat. Exchange rate USD/EUR used was the average of 2013. Calculations: ECENTER. All countries with data available are presented.

Emerson Network Power
Production of high efficiency precision cooling devices and uninterruptible power supplies.

Energy Systems
Production of DC power supplies for telecom industry.

Branson
Manufacturing and service of welding machines, equipment and tooling used primarily in the automotive industry.

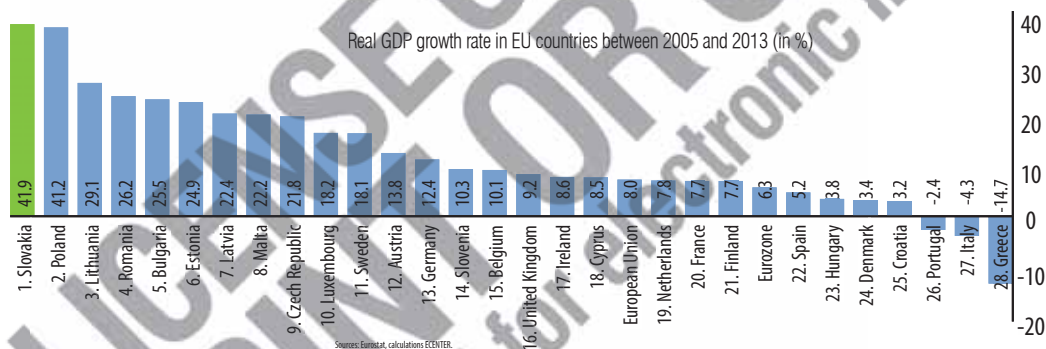
Kop-Flex
Production of high performance couplings for heavy industrial turbines, compressors, generators and propulsion.

Asco Numatics
Consulting, sale and service of solenoid and pressure operated valves for home and industrial applications.

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Indicator (Slovakia, if not mentioned otherwise)	in				Forecast			
		Real 2011	Real 2012	Real 2013	2014	2015	2016	2017
GDP in current prices	bil. EUR	69.1	71.5	72.1	73.6	76.4	80.5	84.9
Real GDP growth	%	3.3	2.0	0.9	2.4	2.6	3.5	3.5
GDP in the Czech republic (real growth)	%	1.7	-1.0	-0.9	1.7	-	-	
GDP in Germany (real growth)	%	3.0	0.7	0.4	1.3	1.5	1.9	1.9
GDP in Eurozone (real growth)	%	1.5	-0.7	-0.5	0.9	-	-	
Household consumption real growth	%	3.2	2.0	-0.1	2.9	2.4	2.7	2.2
Household consumption nominal growth	%	3.4	3.1	1.3	2.9	3.4	4.6	4.3
Average monthly salary growth	%	2.2	2.4	2.4	4.2	3.3	4.2	4.4
Average monthly salary real growth	%	-1.6	-1.2	0.9	4.1	2.1	2.2	2.3
Salaries as % of GDP	%	29.9	29.6	29.8	30.8	30.8	30.6	30.4
Average Nominal Monthly Salary	€	786	805	824	859	887	924	965
Average Nominal Monthly Salary Growth (€ 805 in 2012)	%	2.2	2.4	2.4	4.2	3.3	4.2	4.4
Private Sector (€ 804 in 2012)	%	2.7	2.2	2.0	4.3	3.4	4.5	4.6
Public Sector (€ 810 in 2012)	%	0.2	3.7	3.5	4.0	2.2	1.2	2.0
Labor Productivity	%	1.4	2.0	1.7	1.3	2.2	3.0	2.9
Unit labour cost	%	-0.4	0.0	-0.9	2.9	1.1	1.1	1.5
Employment: average growth	%	1.5	-0.1	-0.7	1.0	0.4	0.5	0.6
Unemployment rate (%)	%	13.5	14.0	14.2	13.5	13.0	12.2	11.3
Real disposable income growth	%		0.1	0.7	3.0	2.2	2.8	2.1
CPI Growth (Consumer Price Index - Inflation)	%	3.9	3.6	1.4	0.1	1.0	1.9	2.1
Harmonized Index Of Consumer Prices (HICP)	%	4.1	3.7	1.7	1.7	2.1	2.3	
Account Balance (as a % of GDP)	%	0.1	2.2	3.2	3.5	4.6	6.3	
Consumption of Public Administration (real growth)	%	-4.3	-1.1	1.4	2.0	-3.8	-0.2	-0.2
Creation of Gross fixed capital (real growth)	%	14.2	-10.5	-4.3	4.8	2.7	1.4	1.9
Export /products and services/ (real growth)	%	10.8	8.6	4.5	4.6	4.3	6.0	6.1
Import /products and services/ (real growth)	%	4.5	2.8	2.9	5.7	3.4	4.7	5.0
International Trade Balance	bil. EUR	2.4	3.6	5.9	5.1	5.8	7.1	8.2
Exchange rate (Eur/USD)	EUR/USD	1.392	1.286	1.328	1.340	1.271	1.260	1.260
Euribor (3 month average)	%	1.4	0.6	0.2	0.2	0.1	0.1	1.0
Slovak 10 year bonds yield	%	4.4	3.4	2.6	2.1	2.3	2.7	3.4
Net Inflation (average)	%	1.5	2.5	1.0	0.4	1.4	1.8	2.0
GDP Deflator	%	1.6	1.4	0.5	-0.3	1.1	1.8	2.0
Foreign Direct investment (net inflow to Slovakia - capital and reinvested profit)	mil. USD	1729	712	2376	2400	2530		
Crude oil (average price)	EUR/bil.	80.5	87.0	81.9	80.1	84.0	86.3	88.3
Foreign Direct investment (net inflow to Slovakia / GDP)	%	2.4	1.0	1.2	2.0	2.3	2.3	2.3

Source: Ministry of Finance of the Slovak Republic, November 26, 2014.

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: 22%
- Capital Gains tax: 22%
- Withholding tax:
 - Interest: 19%
 - Royalties: 19% (special 35% withholding tax may apply to payments to jurisdictions where no Double Tax Treaty or Tax Information Exchange Agreement with Slovakia exists)
- 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 and services
 - 0% - certain financial and insurance services
- Personal Income tax and Capital Gains tax: 19%. It is 25% when the tax base is over Eur 35,022.31.
- Foreign persons can be subject to Slovak taxation if they spend more than 183 days of the specific 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 2) 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 Eur 49 790 within 12 consecutive months.
 - There are special taxes imposed on certain assets (e.g. vehicle road tax).
 - Thin capitalisation rules disallow interest and other financing charges on any debt funding between related parties in excess of 25% of adjusted EBITDA. This also applies to cash-pooling or back-to-back funding arrangements.

- Transfer pricing rules apply to both domestic and cross-border transfers.
- Taxpayers involved in research and development are entitled to a R&D super deduction of at least 25% of actual qualifying costs incurred.
- The rules governing the 'source of income' have been revised. In contrast to 2014, fees for services are only taxable in Slovakia (subject to any Double Tax Treaty relief) if the services are performed in Slovakia or through a Slovak permanent establishment.
- Tax treatment of specific items has changed compared to 2014. This includes new rules for tax depreciation of assets, tax treatment of employee benefits, accruals, etc. Certain service charges, e.g. commissions, advisory and legal fees, are only tax deductible after being paid.

Source: PwC, www.pwc.com/sk

Stimulus laws:

- Act no. 561/2007
- Act no. 56/2009
- Act no. 70/2013
- Act no. 5/2004
- Act no. 595/2003
- Regional National Map (2014-20)
- Act no. 231/2011
- Act no. 481/2011
- Act no. 43/2013
- Act no. 186/2014

State aid in regions:

- Bratislava: 0%
 - Western Slovakia: 25%
 - Central Slovakia: 35%
 - Eastern Slovakia: 35%
- (Percent value represents maximum level of state aid contribution per project in a specific region.)



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