

Slovakia in Figures

2016

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AmCham
SLOVAKIA

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



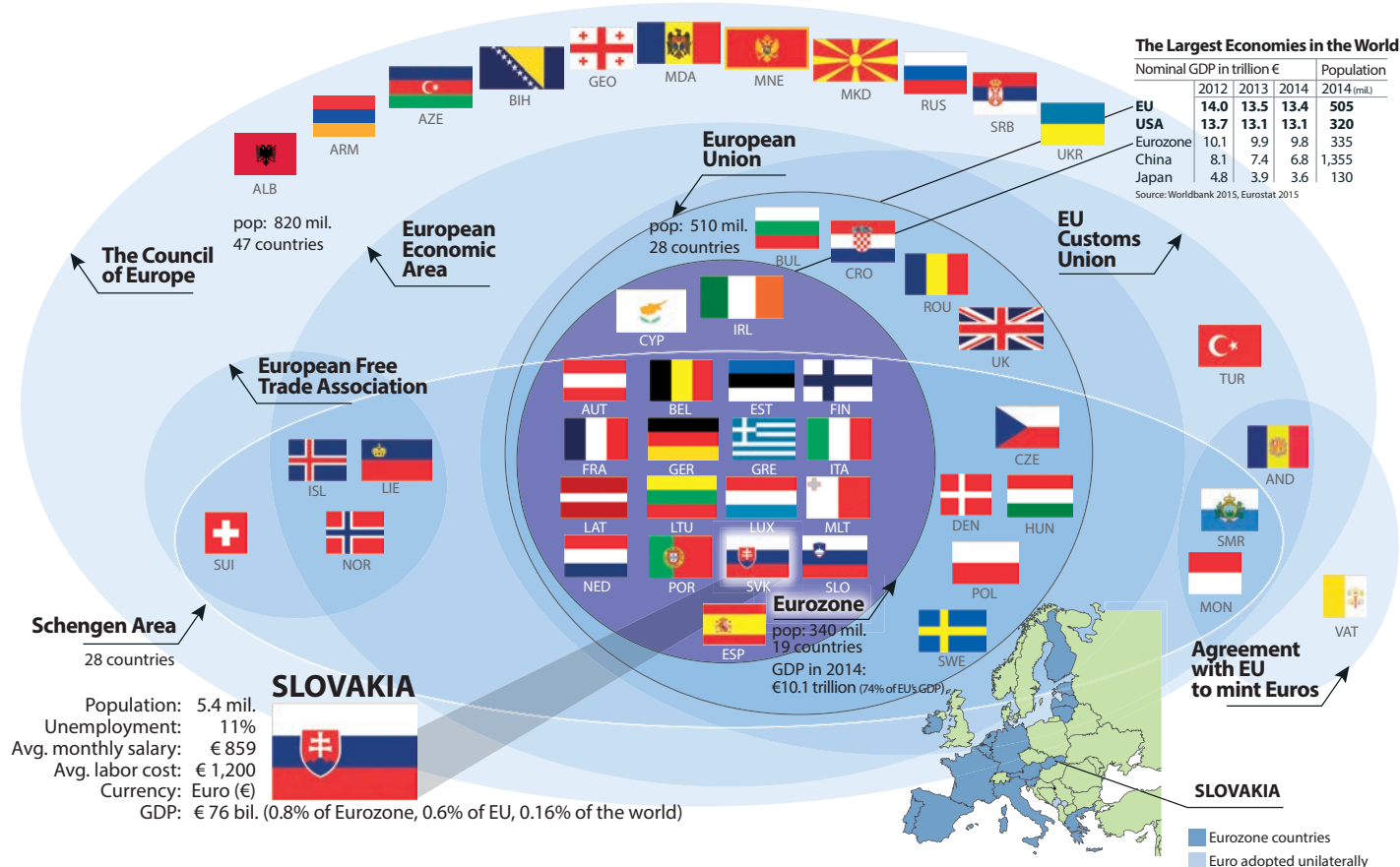
Miroslav Trnka: one of the creators of NOD - globally successful antivirus software

Beautiful Nature and Towns



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

Slovakia - The Best Deal in Europe



Convenient

Only 45 minutes
from Vienna
Airport

Great Value

Only € 1,200
average monthly
labor cost

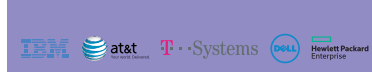
Top Quality Work

Automotive
super power



Sophisticated Services

Great for business
service centers



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AmCham
SLOVAKIA

www.amcham.sk

22 - Years in Slovakia

30 - 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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Customs, Investment incentives advisory,
Deals assistance, Environmental advisory,
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Population – 5.4 mil.

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



Bratislava



Trnava



Trenčín



Nitra



Žilina



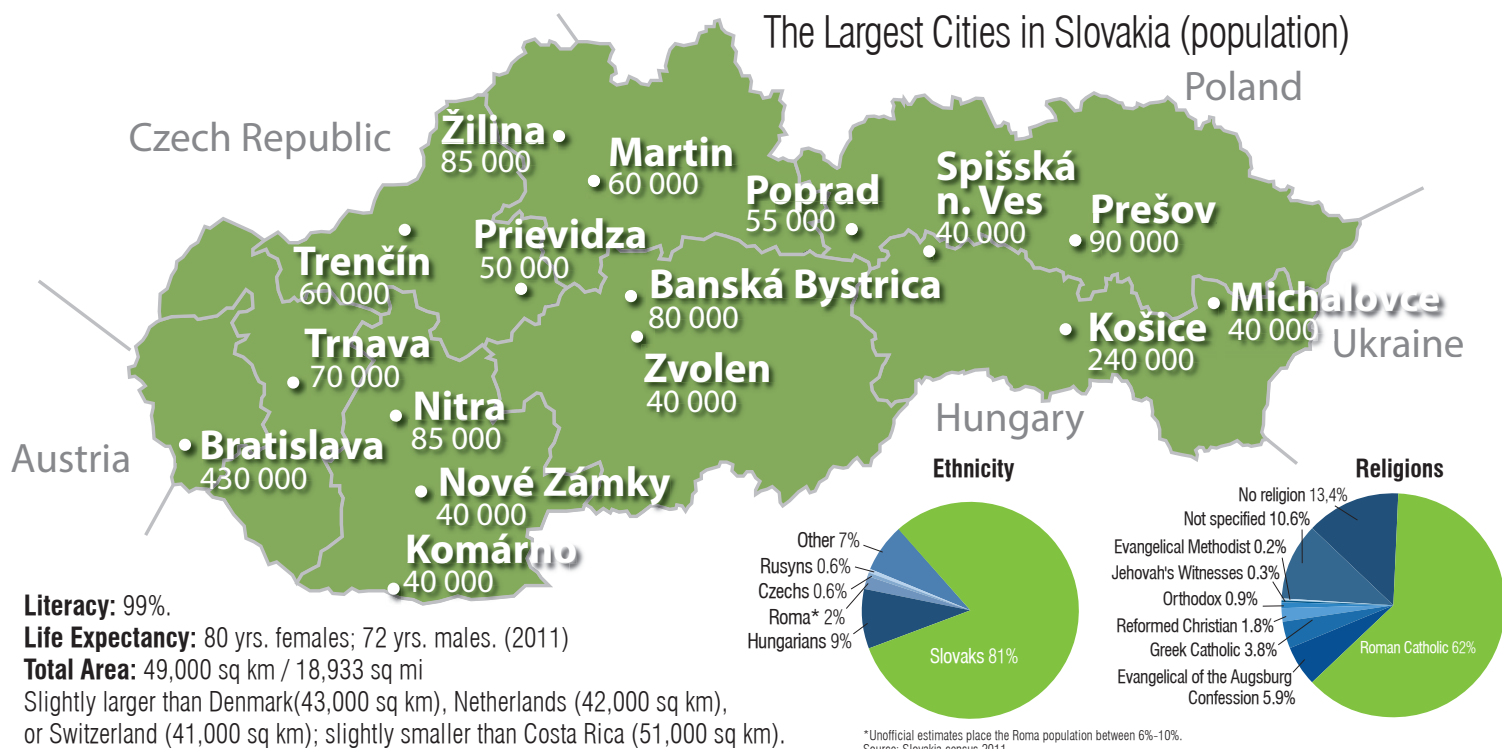
Banská Bystrica



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.**Next parliamentary elections:** March 5, 2016**Suffrage:** Universal at 18 years.**Administrative divisions:** 8 administrative regions, 79 districts.

Countries Ratings (Dec 7, 2015)

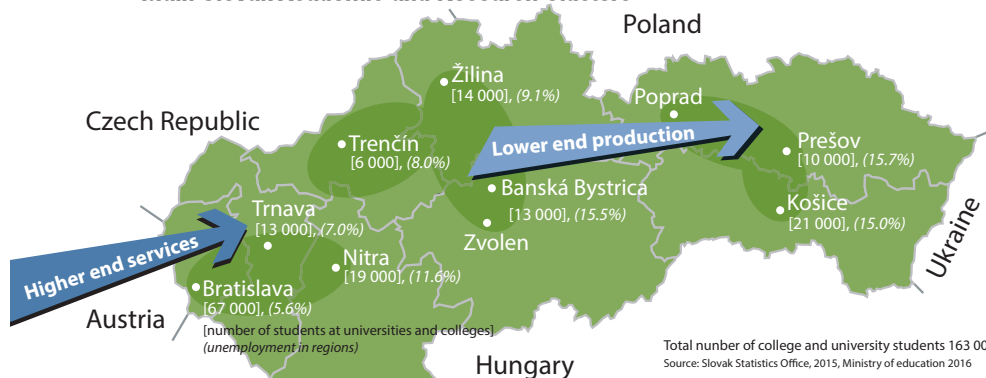
	Moody's	S&P	Fitch	Composite
SK	A2	A+	A+	A
CZ	A1	AA-	A+	A+
HU	BA1	BB+	BB+	BB+
PL	A2	A-	A-	A-

■ 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

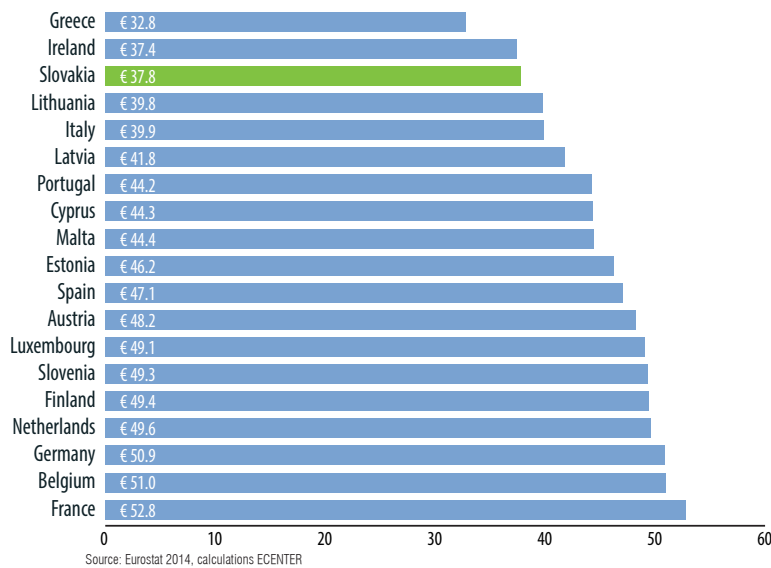
#	Company	2010	2011	2012	2013	2014
1	IBM	3 600	4 000	4 330	4 700	4 900
2	T-Systems	1 961	2 136	2 596	2 890	3 185
3	AT&T	n/a	2 200	2 900	3 000	3 078
4	Dell	1 699	1 763	1 839	1 833	1 718
5	HP	890	1 430	1 700	1 700	1 700
6	Accenture	950	1 120	1 128	1 307	1 484
7	Lenovo	600	630	690	592	603
8	Amazon	0	0	281	370	576
Total		9 700	13 279	15 464	16 392	17 244
Y/Y Growth			37%	16%	6%	5%

Source: TREND, 2015

Labor Productivity and Export/Import

SLOVAKIA: Produces high quality products, mostly for Germany

Labor cost of producing € 100 of GDP in 2014



Export/Import by countries in 2014

#	Export	%	Import	%
1	Germany	22.1%	Germany	14.9%
2	Czech Republic	12.8%	Czech Republic	10.4%
3	Poland	8.0%	Russia	10.2%
4	Austria	6.1%	South Korea	8.6%
5	Hungary	6.1%	China	7.4%
6	United Kingdom	5.2%	Poland	4.8%
7	France	4.9%	Hungary	4.7%
8	Italy	4.6%	Italy	3.2%
9	Russia	3.9%	France	3.0%
10	China	2.5%	Austria	2.5%
	Others	24.1%	Others	30.6%

Source: Statistical office in Slovakia, December 2015

Year	Import (mil. €)	Export (mil. €)	Trade Balance
2013	60 077	64 361	+4 284
2014	60 152	64 801	+4 649
Change	+75	+440	+364

Source: Ministry of Economy, December 2015

Labor Market

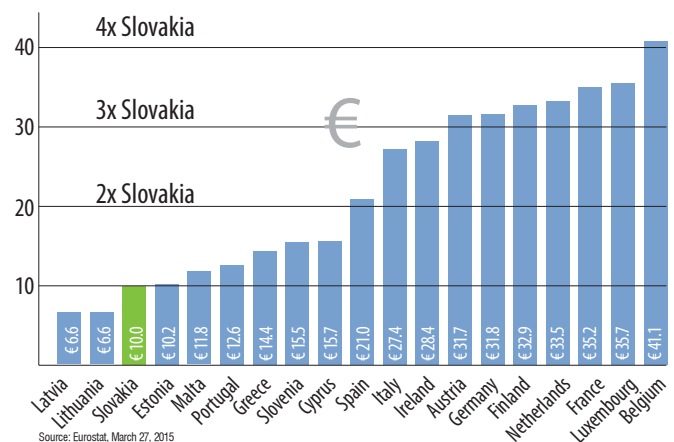
SLOVAKIA offers the third lowest labor cost in Eurozone

Unemployment rate (11%) and number of unemployed people in regions (Oct 2015)



Slovakia offered the 3rd lowest labor cost in Eurozone (2014 in €/hour)

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



Labor Cost Structure (simplified)

	Employee	Employer
Social Security	9.4%	25.2%
Healthcare Insurance	4.0%	10.0%

National Holidays: 15 days

The fees are derived from employees' gross salaries

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	99.8%	92.1%	150 Mbps	50 Mbps
Slovak Telekom	99%	N/A	300 Mbps	50 Mbps
O2	98%	70%	25 Mbps	15 Mbps
4ka	99%	N/A	50 Mbps	10 Mbps

Source: Orange, Slovak Telekom, O2, 4ka

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

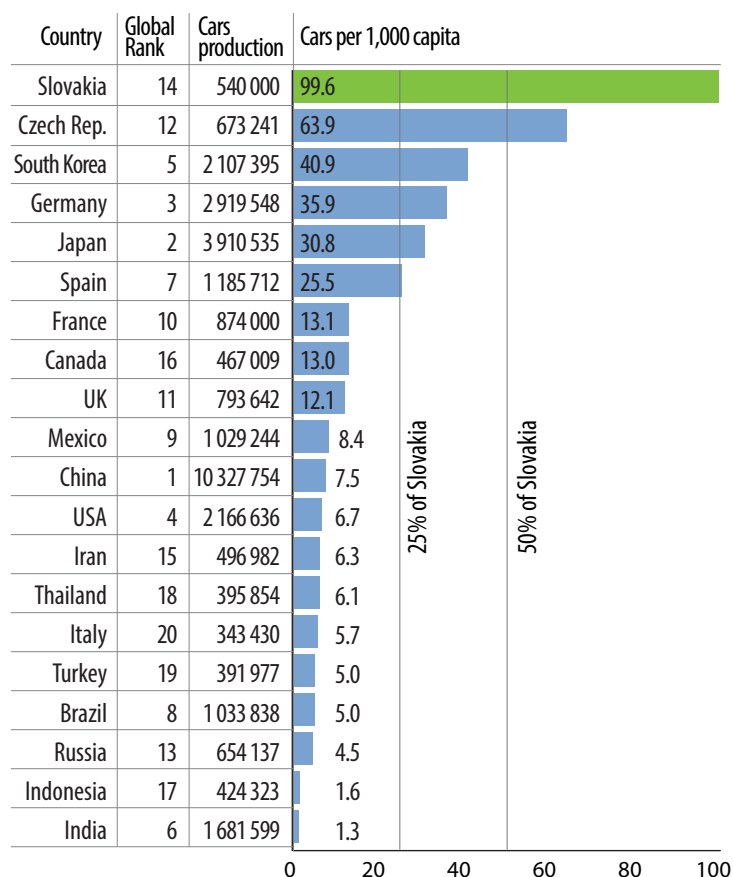
Continent	Country	Mbps
Oceania	Australia	114.2
Asia	Japan	47.3
Europe	Slovakia	37.0
North America	Canada	21.5
Africa	Morocco	14.6
South America	Chile	11.2

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

Top Quality Work

SLOVAKIA: global leader in cars produced per capita

Cars produced per 1,000 inhabitants in the first half of 2015



Source: www.oica.net/category/production-statistics/ (January 14, 2016)

Jaguar Land Rover will start assembling cars in Slovakia in 2018. Their expected output is 300,000 cars per year. It will further enhance Slovakia's global leadership.



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Economic Forecast

2016: GDP + 3.3%; Inflation + 0.9%

Indicator (Slovakia, if not mentioned otherwise)	in	Real				Forecast			
		2011	2012	2013	2014	2015	2016	2017	2018
GDP in current prices (bil. Eur)	bil.EUR	70.2	72.2	73.6	75.2	77.5	80.6	85.1	89.9
Real GDP growth <i>Slovakia</i>	%	4.4	2.9	2.0	2.2	3.1*	3.3*	3.5*	3.5*
Real GDP growth <i>Czech republic</i>	%	1.7	-1.0	-0.9	1.7	4.0*	2.5*	2.9*	2.9*
Real GDP growth <i>Germany</i>	%	3.7	0.4	0.3	1.6	1.6**	2.0**	1.7**	1.2**
Real GDP growth <i>Eurozone</i>	%	1.5*	-0.7*	-0.5*	0.9*	1.5*	1.7*	1.7*	1.6*
Real GDP growth <i>United States</i>				1.5*	2.4*	2.5*	2.7*	2.4*	2.2*
Real GDP growth <i>World</i>		2.8*	2.3*	2.4*	2.6*	2.4*	2.9*	3.1*	3.1*
Household consumption real growth	%	-0.7	-0.5	-0.8	2.2	2.1	2.7	2.7	2.8
Household consumption nominal growth	%	3.2	3.0	0.6	2.1	2.1	3.5	4.5	4.8
Average monthly salary real growth	%	-1.6	-1.2	0.9	4.2	2.5	2.2	2.7	2.7
Salaries as % of GDP	%	29.5	29.3	29.2	30.2	30.6	30.4	30.3	30.2
Average Nominal Monthly Salary	€	786	805	824	858	879	906	948	993
Average Nominal Monthly Salary Growth (€ 824 in 2013)	%	2.2	2.4	2.4	4.1	2.4	3.1	4.6	4.7
Private Sector (€ 821 in 2013)	%	2.7	2.2	2.0	4.0	2.2	2.7	4.7	4.8
Public Sector (€ 838 in 2013)	%	0.2	3.7	3.5	4.6	3.0	4.6	4.2	4.8
Labor Productivity	%	0.9	1.6	2.2	1.0	1.4	2.6	3.1	2.9
Unit labour cost	%	1.1	1.0	0.3	2.3	0.8	0.4	1.5	1.8
Employment: average growth	%	1.9	-0.1	-0.7	1.3	1.9	1.0	0.7	0.8
Unemployment rate	%	13.6	14.0	14.2	13.2	11.5	10.6	9.8	9.0
Real Monthly Income growth	%	-1.6	-1.2	0.9	4.2	2.5	2.2	2.7	2.7
CPI Growth (Consumer Price Index - Inflation)	%	3.9	3.6	1.4	-0.1	-0.2	0.9	1.8	2.0
Account Balance (as a % of GDP)	%	0.1	2.2	1.5	0.2	-0.6	0.9	1.8	1.7
Creation of Gross fixed capital (real growth)	%	12.7	-9.3	-2.7	5.7	7.6	-0.7	2.0	3.2
Export /products and services/ (real growth)	%	12.0	9.3	5.2	4.6	6.1	5.6	6.3	5.6
Import /products and services/ (real growth)	%	9.7	2.6	3.8	5.0	7.1	3.9	4.9	5.0
International Trade	bil. EUR	2.44	3.59	5.9	5.1	5.8	7.1	8.2	
Exchange rate	USD/EUR	1.39	1.29	1.33	1.33	1.11	1.08	1.09	1.14
Euribor (3 month average)	%	1.4	0.6	0.2	0.2	0.0	0.1	0.2	0.9
Yield of Slovak 10 year bonds (average)	%	4.4	3.4	2.6	1.9	0.9	1.6	2.3	3.0
Growth of GDP Deflators	%	1.6	1.3	0.5	-0.2	-0.2	0.9	1.8	2.0
Crude oil (average price)	USD/bi	80.5	87.0	81.9	74.6	48.8	47.9	52.0	52.7
ECB Key Interest Rate	%	1.3	0.9	0.5	0.2	0.1	0.1	0.1	0.8
Savings Interest Rates	%	1.17	1.21	0.99	0.77	0.60	0.58	0.58	0.77
Sole proprietors in the country	1,000	374	360	362	367	376	379	382	386

Source: Ministry of Finance of the Slovak Republic, November 26, 2015, *Worldbank 2016, **Oxford Economics 2016

Slovakia's Income in 2014 (€ 12.1 bil.)

Personal income tax, social security and healthcare insurance, 51.1%	Value added tax (VAT) 25.7%	Corporate income tax, 9.9%	Consumer tax from mineral oils, 6.7%	Other consumer tax, 6.6%
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Source: Ministry of Finance of the Slovak Republic, November 26, 2015

Taxes, State Aid, Subsidies, and Support

Simple tax system; Available state aid

The tax system is aligned with the tax systems in the EU

- Corporate income tax: 22%
- Capital Gains tax for corporate entities: 22%
- Withholding tax:
 - Interest, 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, and some specific basic food items exempt e.g. certain financial and insurance services
- Personal Income tax: 19% and 25% when the tax base is over Eur 35,022.31.
- Capital Gains tax for individuals: 19% from 2016 calendar year
- Foreign persons can be subject to Slovak taxation if they spend more than 183 days of the relevant year in Slovakia or their foreign employer has permanent establishment in Slovakia or they are considered economic employees of a Slovak company.
- 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:

- land tax and
 - tax on apartments and non-residential premises within apartment buildings
 - 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.
 - Tax on apartments and non-residential premises and tax on buildings depends on the municipality, it is usually between Eur 0.033 to Eur 0.33 per sq. m. of the floor area.
 - Real Estate Transfer Tax: Transfer tax was abolished in 2005
 - 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 for cars used for business purposes).
 - Thin capitalisation rules disallow interest and other financing charges on any loan provided 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.
- Slovak source income - 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 2015. 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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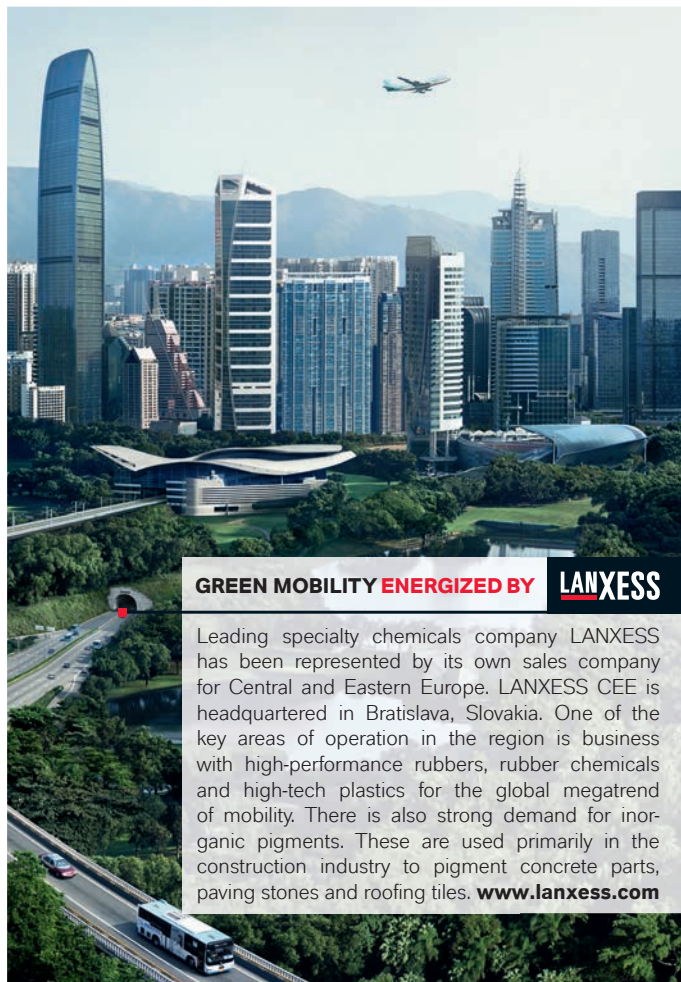
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