

Slovakia in Figures 2010

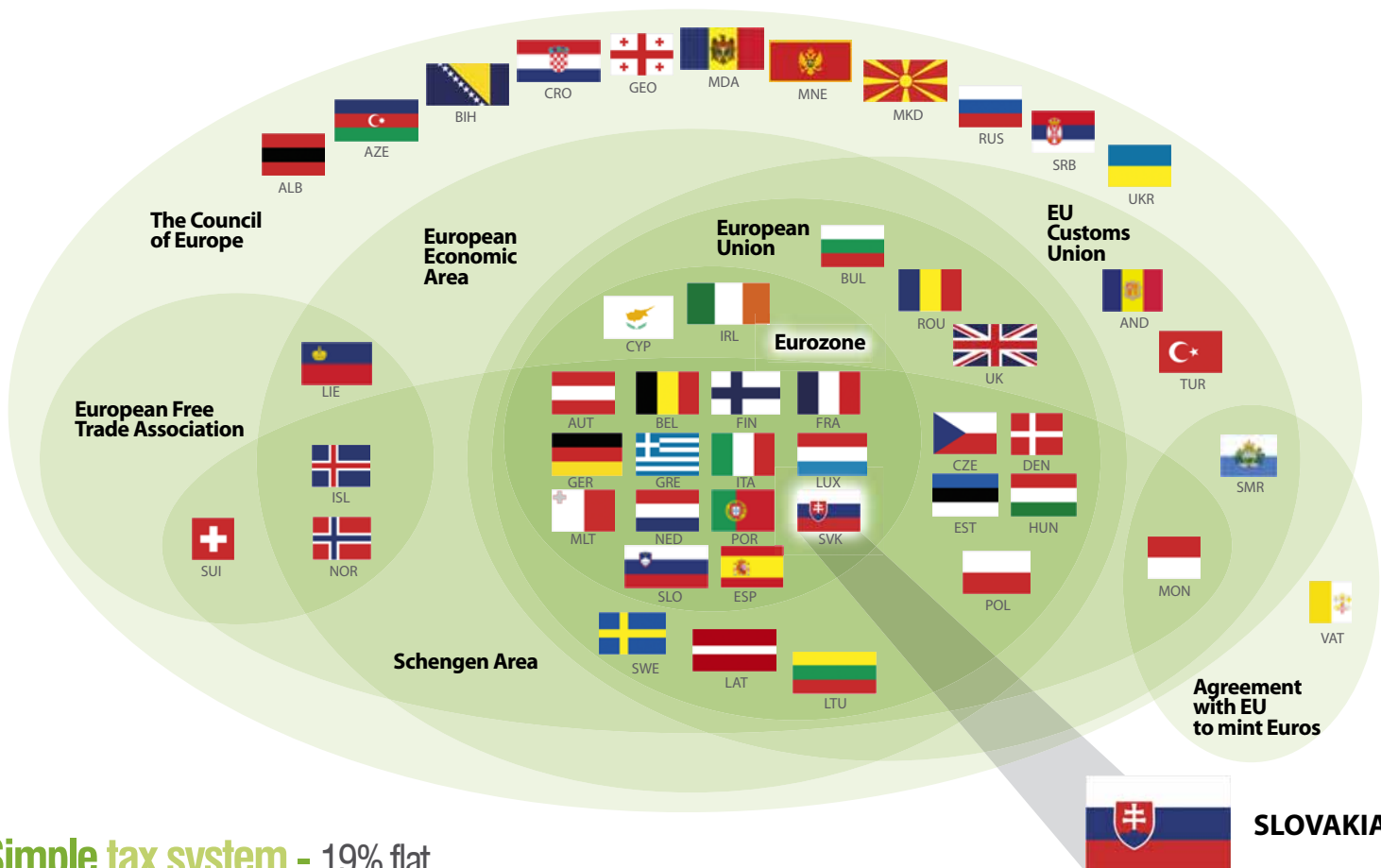
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The American Chamber of Commerce
in the Slovak Republic



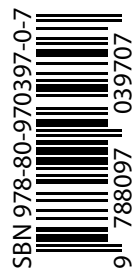
One of the first 14 fully integrated EU countries



Simple tax system - 19% flat

Logistically well positioned - between Eastern and Western markets

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Important Economic Figures

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

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IN THE SLOVAK REPUBLIC



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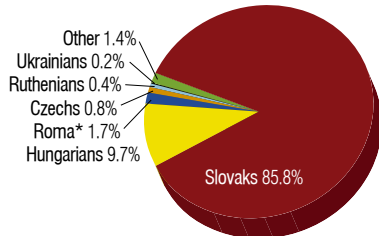
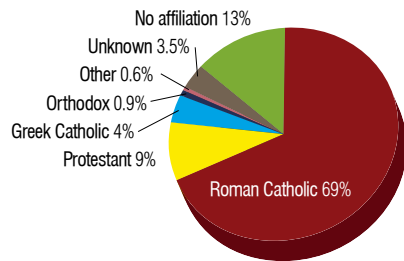
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Slovakia in Figures 2010

Population – 5.4 mil. (Similar to Denmark, Finland, or Singapore)



*Unofficial estimates place the Roma population between 6%-10%.



Literacy: 99%.

Life Expectancy: 78 yrs. females; 70 yrs. males. (2001)

Politics



President
Ivan Gasparovic
(2004-2009; 2009-2014)



Prime minister
Iveta Radičová
(2010-2014)

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 (62); SDKU-DS (28); SaS (22); KDH (15); Most-Híd (14); SNS (9)

Next parliamentary elections: 2014

Suffrage: Universal at 18 years.

Administrative divisions: 8 administrative regions, 79 districts.

Economy, R&D and Knowledge centers



Currency: EUR (since Jan 1, 2009)

Countries Rating (June 30, 2010)

	MOODY	S&P	FITCH
SK	A1	A+	A+
CZ	A1	A	A+
PL	A2	A -	A -
HU	BAA1	BBB -	BBB

Source: Slovenska Sporitelna

Labor Productivity

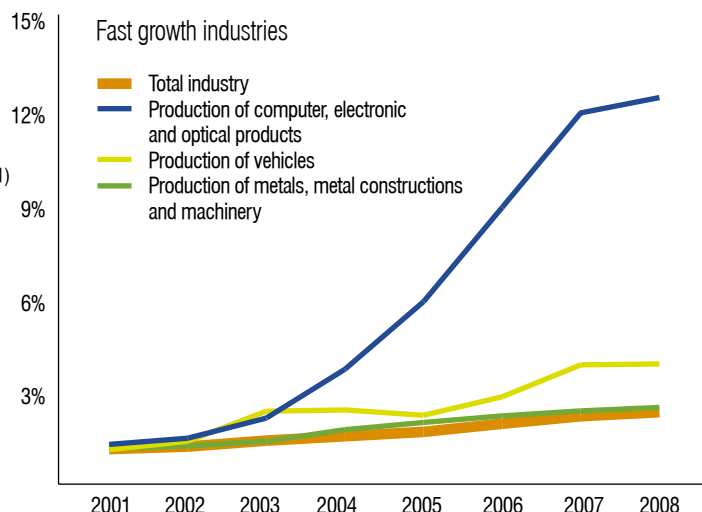
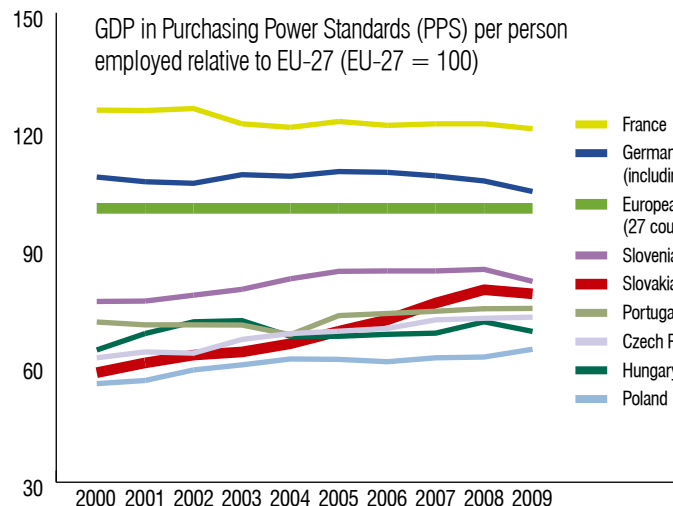
Slovakia is 2nd in OECD in annual Labor Productivity Growth per Person Employed (behind the Czech Republic), per Labor Hour (behind the Czech Republic), and per Unit Labor input (behind Korea and the Czech Republic) between 2005 and 2008. [25 OECD and EU countries provided data, 9 countries have not provided data].¹

Source: 1. <http://stats.oecd.org/Index.aspx?queryname=340&querytype=view>



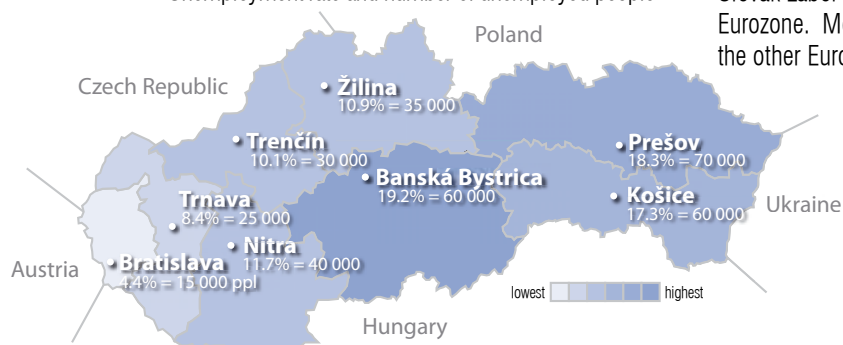
GDP and Industries

SLOVAKIA: The world leader in vehicles produced per capita



Labor Market

Unemployment rate and number of unemployed people



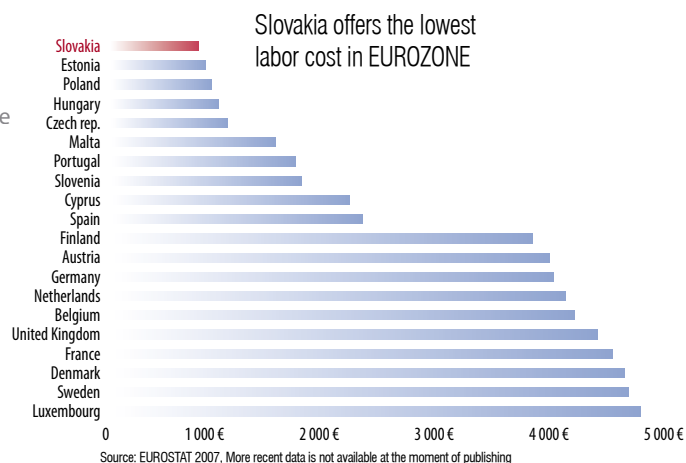
Slovak Labor is the **most efficient, lowest cost**, and **2nd most abundant** in the Eurozone. Moreover, labor laws allow **more flexibility** for employers than those in the other Eurozone countries.

Labor Cost Structure (simplified)

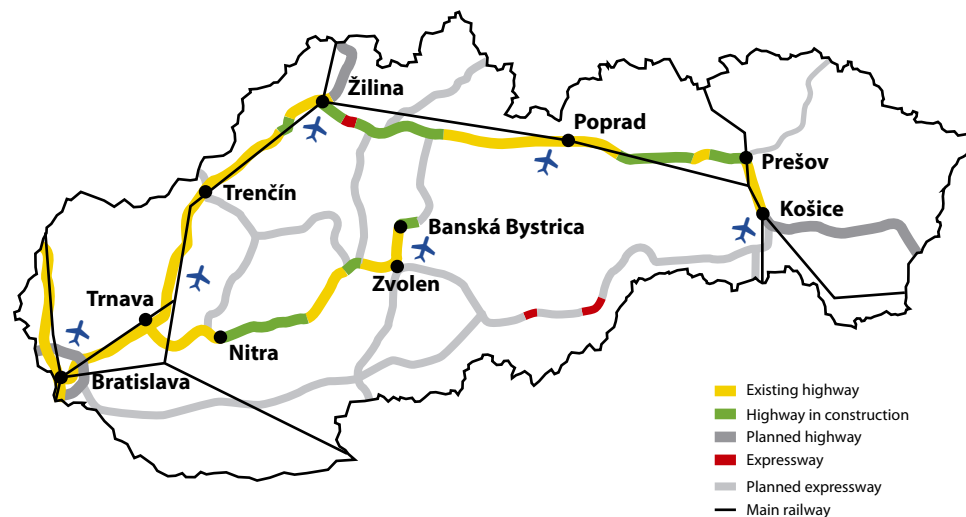
	Employee	Employer
Social Security	9,40%	25,20%
Healthcare Insurance	4,00%	10,00%

National Holidays: 15 days

The fees are derived from employees' gross salaries



Logistics & ICT Infrastructure



Mobile service operators:
Orange, T-Mobile and O2

Network coverage by Orange, the market leader:

GSM: 99.6% of Slovakia's population, 90% of the country
3G HSDPA/HSUPA (UMTS) 7.2Mbps download / 1.46Mbps upload: 66.2% of population.
FTTH (Fiber To The home) 70Mbps download / 8Mbps upload: available in 17 towns to 293,000 households.

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



Taxes, State Aid, Subsidies, and Support

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

- 19% flat tax rate (Corporate, Individual and Value Added Tax - VAT)
- An exception - VAT of 10% is levied on books and products and services related to public health.
- Exempted from taxation are dividends as capital gains of shareholders in Slovak companies.
- 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, and tobacco products.
- Real estate Tax: Transfer tax was abolished in 2005; Capital gain tax: 19%. Property Tax: buildings - depending on the municipality, it is between Eur 0.03 to Eur 0.33 per sq. m. of the floor area. 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.
- VAT registration is obligatory for entities with revenues exceeding EUR 50,000 within 12 consecutive months.
- There are special taxes imposed on certain assets (i.e. vehicle-road tax, excise tax on alcohol or tobacco).

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	KIA Motors, s. r. o. (Project 2)	34,134,573	2007
5	SONY SLOVAKIA, spol. s r.o.	31,381,551	2006
6	Samsung Electronics Slovakia s.r.o.	29,438,292	2006
7	Universal Media Corporation /Slovakia/ s.r.o.	21,038,282	2004
8	KIA Motors, s. r. o. (Project 3)	15,070,000	2009
9	Johnson Controls Lučenec, s. r. o.	13,333,333	2006
10	Johns Manville Slovakia, a. s.	12,485,953	2004

State aid available in various regions:

Bratislava:	0%
Western Slovakia:	40%
Middle Slovakia:	50%
Eastern Slovakia:	50%

State stimulus laws:

56/2009, 561/2007
231/2001, 5/2004
595/2003

Top Slovak Companies

The Largest Employers in Slovakia

#	Rank in TOP 200	Company	Average number of employees		Change (%)	Increase (decrease) in number of employee		Personal costs (EUR '000)		Profit per employee (EUR)		Sales per employee (EUR)
			2008	2007		2008 - 07	2007 - 06	2008	2007	2008	2007	
1	22	Železnice SR, Bratislava	17 264	17 724	-2,6	-460	-258	230 509	228 862	-5 266	-2 064	25 188
2	32	Slovenska posta a.s., Banská Bystrica	15 080	15 307	-1,5	-227	-686	n	169 213	n	169	20 518
3	7	U.S Steel Kosice s.r.o., Kosice	11 465	12 227	-6,2	-762	-1 115	243 554	264 614	1 257	27 861	151 200
4	31	Železničná spoločnosť Cargo Slovakia, a.s., Bratislava	10 100	10 499	-3,8	-399	-470	122 973	125 047	-12 535	262	33 619
5	10	Tesco Stores SR, a.s., Bratislava	8 514	8 138	4,6	376	n/a	n/a	n/a	n/a	n/a	99 366
6	2	Volkswagen Slovakia, a.s. Bratislava	6 500	7 800	-16,7	-1300	-806	146 891	161 110	11 378	36 825	452 872
7	5	Slovenské elektrárne, a.s., Bratislava	5 472	5 710	-4,2	-238	-490	142 008	137 562	51 214	29 680	373 808
8	94	Železničná spoločnosť Slovensko, a.s. Bratislava	4 966	4 947	0,4	19	83	69 622	66 298	5 467	-6 253	19 479
9	17	Kaufland Slovenská republika, v.o.s., Bratislava	4 147	3 270	26,8	877	810	n/a	n/a	n/a	n/a	125 392
10	78	Hornonitrianske bane, a.s., Prievidza	4 061	4 074	-0,3	-13	-120	55 249	54 199	473	536	32 116

Source: Trend, Top 200, July 2010

The Largest Nonfinancial Companies in Slovakia

#	Ranking in 2008	Company	Total sales (EUR '000)		Change (%)	Value added/ total sales (%)		After - tax profit (EUR '000)	Average number of employees	Sector
			2008	2007		2008	2007			
1	3	Samsung Electronics Slovakia, s.r.o., Galanta	3 168 162	3 391 933	-6,6	12,9	2,8	236 918	3 190	Electrical Eq
2	1	Volkswagen Slovakia, a.s. Bratislava	2 943 670	5 157 145	-42,9	9,3	8,3	73 959	6 500	Engineering
3	2	Slovnaft, a.s. Bratislava	2 780 178	3 882 428	-28,4	4,3	6,9	-35 119	2 355	Chemicals
4	4	Slovenský plynárenský priemysel, a.s. Bratislava	2 530 674	2 901 974	-12,8	24,3	21,2	593 370	1 460	Energy
5	7	Slovenské elektrárne, a.s. Bratislava	2 045 478	1 960 782	4,3	41,5	45,4	280 242	5 472	Energy
6	8	PCA Slovakia, s.r.o., Trnava	1 853 693	1 667 945	11,1	14,9	9,9	59 716	3 149	Engineering
7	5	U.S Steel Kosice s.r.o., Kosice	1 733 510	2 823 330	-38,6	18,6	23,8	14 411	11 465	Metallurgy
8	6	Kia Motors, s.r.o. Zilina	1 684 599	2 142 898	-21,4	12,1	7,4	25 935	2 735	Engineering
9	10	Zapadoslovenská energetika, a.s., Bratislava	1 112 811	1 068 742	4,1	21,6	20,4	143 685	1 470	Energy
10	12	Tesco Stores SR, a.s. Bratislava	846 000	995 817	-15,0	n/a	n/a	n/a	8 514	Retail

Source: Trend, Top 200, July 2010



■ Economic Forecast

Item	in	Real 2007	Real 2008	Real 2009	Forecast			
					2010	2011	2012	2013
GDP in current prices	bil.EUR	61.51	67.20	63.33	65.38	69.77	75.11	81.07
Real GDP growth	%	10.6	6.2	-4.7	3.2	3.8	4.5	4.6
Household consumption real growth	%	6.9	6.0	-0.7	0.0	1.9	3.5	4.1
Household consumption nominal growth	%	9.7	10.8	0.3	1.1	5.0	7.1	8.0
Average monthly salary growth	%	7.2	8.1	3.0	1.9	4.5	5.7	6.2
Average monthly salary real growth	%	4.3	3.3	1.3	0.5	1.5	2.1	2.2
Employment: average growth	%	2.4	3.2	-2.8	-1.8	1.0	1.2	1.6
Unemployment rate (%)	%	11.0	9.6	12.1	13.6	12.7	12.3	11.3
CPI Growth (Consumer Price Index - Inflation)	%	2.8	4.6	1.6	1.4	3.0	3.6	3.9
Harmonized Index Of Consumer Prices (HICP)	%	1.9	3.9	0.9	1.0	2.8	3.5	3.7
Production Prices Index (PPI)	%	2.3	6.1	-2.5	-2.5	2.6	2.4	2.6
Account Balance (as a % of GDP)	%	-5.9	-7.0	-3.2	-3.5	-3.9	-3.5	-2.2
Consumption of Public Administration (real growth)	%	0.1	5.3	2.8	-1.1	0.5	0.6	0.8
Creation of Gross fixed capital (real growth)	%	9.1	1.8	-10.5	6.7	3.8	4.4	3.3
Export /products and services/ (real growth)	%	14.3	3.2	-16.5	12.8	9.2	7.0	8.6
Import /products and services/ (real growth)	%	9.2	3.1	-17.6	13.5	8.7	6.1	7.7
International Trade Balance	bil. EUR	-0.71	-0.76	1.19	0.26	-0.11	0.13	0.47
Exchange rate (Eur/USD)	EUR/USD	1.371	1.471	1.394	1.280	1.310	1.340	1.370
Euribor (3 month average)	%	4.3	4.6	1.2	0.7	1.6	2.6	3.4
Yield of Slovak 10 year bonds	%	4.6	4.6	4.8	4.0	4.8	4.9	5.0
Net Inflation (average)	%	2.6	3.8	1.4	1.5	2.8	3.2	3.6
Deflators' Growth - GDP	%	1.1	2.9	-1.2	0.0	2.8	3.0	3.2
- Household Consumption	%	2.6	4.5	1.0	1.1	3.0	3.5	3.7
- Public Administration Consumption	%	2.2	4.4	3.3	1.1	3.0	3.5	3.7
- Creation of Gross Fixed Capital	%	1.2	2.0	-0.2	-0.4	2.4	2.4	2.7
- Export of Goods and Services	%	0.5	1.4	-4.7	-0.6	1.0	1.6	2.0
- Imports of Goods and Services	%	1.6	3.0	-5.7	0.1	1.6	1.8	2.0
Public finances, account balance as % of GDP	%	-1.9	-2.3	-6.8	-5.5	-4.2	-3.0	n.a.
- without the effects of 2nd social securit pillar	%	-0.6	-1.0	-5.5	-4.4	-3.1	-1.8	n.a.
Foreign Direct investment (net inflow to Slovakia - capital and reinvested profit)	mil. USD	2 098.5	2 186.4	1 824.3	1 514.2	1 867.6	1 973.5	2 199.1
Crude oil (average price)	USD/bil.	72.9	97.2	61.8	79.2	85.3	91.7	98.1
GDP in Eurozone (real growth)	%	2.6	0.6	-4.1	1.0	1.7	2.0	2.2
GDP in the Czech republic (real growth)	%	6.5	2.5	-4.2	1.6	2.4	3.6	4.4
HICP (Harmonized Index of Consumer Prices) - Eurozone average	%	2.1	3.3	0.3	1.5	1.7	1.9	2.0
CPI (Inflation) end of year	%	3.4	4.4	0.5	2.3	3.0	3.7	4.0

Source: Ministry of Finance, Slovakia, June 2010

■ Export / Import

Export/Import by countries (Jan-Nov 2009)

#	Export	%	Import	%
1	Germany	20,2%	Germany	16,8%
2	Czech Republic	12,9%	Czech Republic	12,2%
3	France	7,9%	Russia	8,9%
4	Poland	7,1%	South Korea	6,8%
5	Hungary	6,3%	China	5,8%
6	Italy	6,0%	Hungary	5,3%
7	Austria	5,8%	France	4,7%
8	Britain	4,9%	Italy	4,1%
9	Russia	3,6%	Poland	4,0%
10	Netherlands	3,0%	Austria	2,9%
	Others	22,4%	Others	28,4%

Top 10 Export & Import Articles or Commodities (Jan-Nov 2009)

	EXPORT	IMPORT
1	Electrical machinery, tools and equipment and their accessories	Electrical machinery, tools and equipment and their accessories
2	Crude oil, mineral oils, bitumen substances, mineral wax	Non-rail vehicles, parts, and accessories
3	Non-rail vehicles, parts, and accessories	Nuclear reactors, burners, machinery, tools, and equipment parts and accessories
4	Nuclear reactors, burners, machinery, tools, and equipment parts and accessories	Iron and steel
5	Plastics and its products	Crude oil, mineral oils, bitumen substances, mineral wax
6	Pharmaceutical Products	Plastics and its products
7	Equipment: Optical, photographic, measurement, precise monitoring, and medical	Iron or steel products
8	Iron and steel	Paper, paperboard, products from paper, paperboard or paper fiber
9	Iron or steel products	Furniture; bedding; lights, illuminated advertising boards; prefabricated houses and buildings
10	Rubber and its products	Rubber and its products



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