

Slovakia in Figures 2011-12

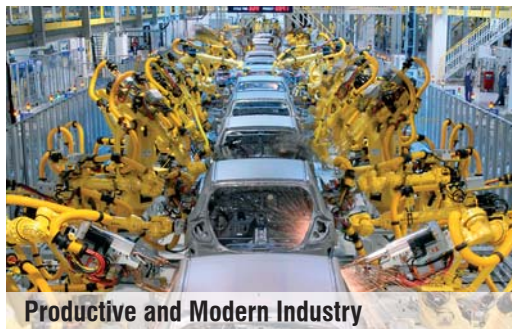
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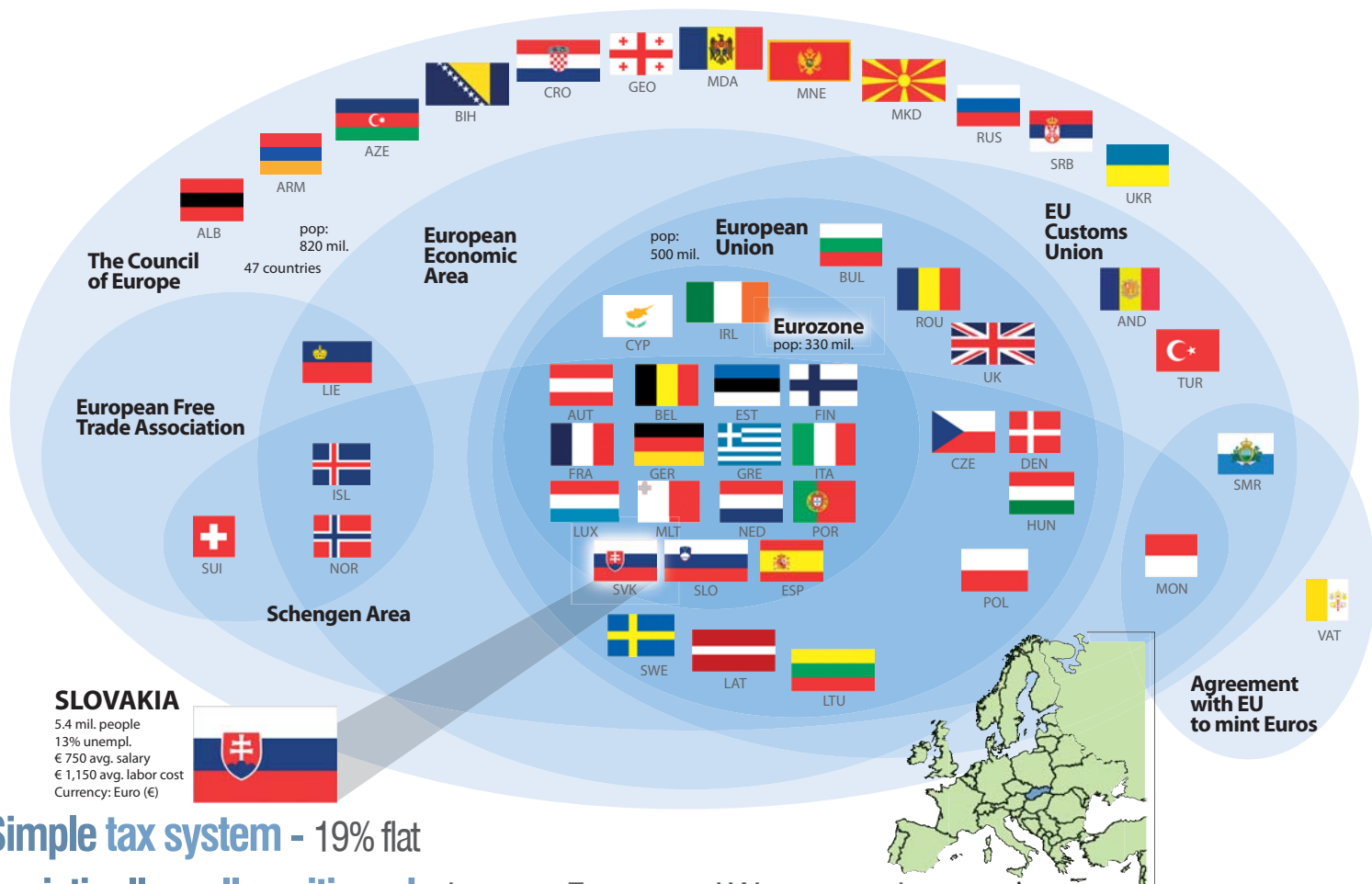


Productive and Modern Industry



Beautiful Nature

The 14th out of 15 fully integrated EU countries



Simple tax system - 19% flat

Logistically well positioned - between Eastern and Western markets

The most productive labor force in OECD - the highest return on labor investment

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Important Economic Figures

- 17 – Years in Slovakia
- 20 – Percentage of Slovakia's GDP produced by AmCham Members
- 300 – 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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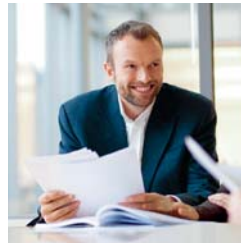


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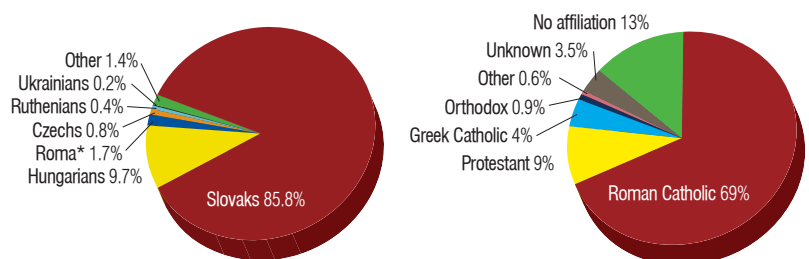
Population – 5.4 mil.

(Similar to Denmark, Finland, or Singapore)



Literacy: 99%.

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



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

Politics & Ratings



President
Ivan Gašparovič
(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-Hid (14); SNS (9)

Next parliamentary elections: 2014

Suffrage: Universal at 18 years.

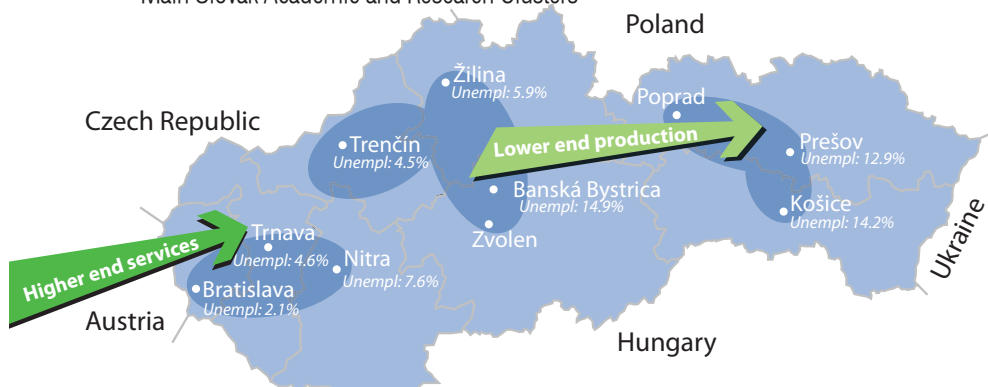
Administrative divisions: 8 administrative regions, 79 districts.

Countries Ratings (June 30, 2011)			
	MOODY	S&P	FITCH
SK	A1	A+	A+
CZ	A1	A	A+
PL	A2	A -	A -
HU	BAA3	BBB -	BBB -

Source: Slovenská Sporiteľňa

Economy, R&D and Knowledge centers

Main Slovak Academic and Research Clusters



Labor Productivity

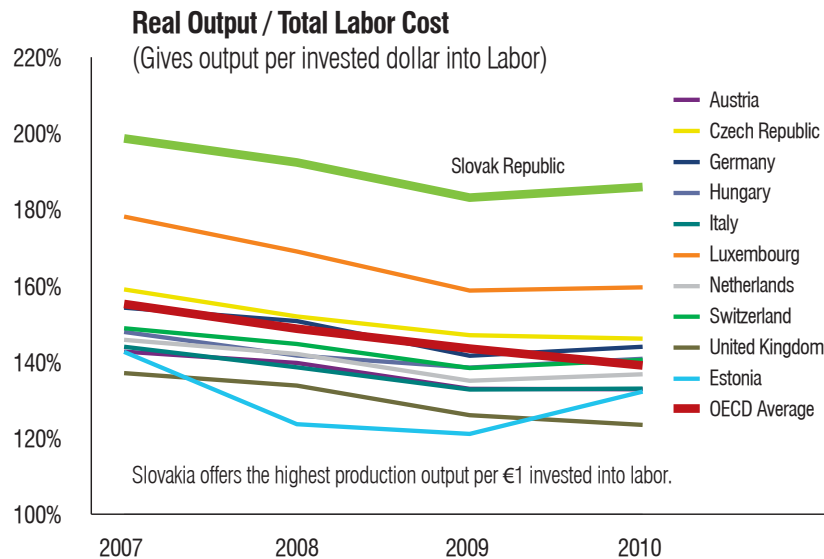
Outstanding Labor Productivity: Slovakia was the first of thirty five OECD countries in growth in GDP per hour worked between 2000 and 2008. Slovakia was the third behind (1) Poland and (2) Ireland between 1995 and 2000.

Source: OECD



Labor Productivity and Export / Import

SLOVAKIA: The world leader in vehicles produced per capita



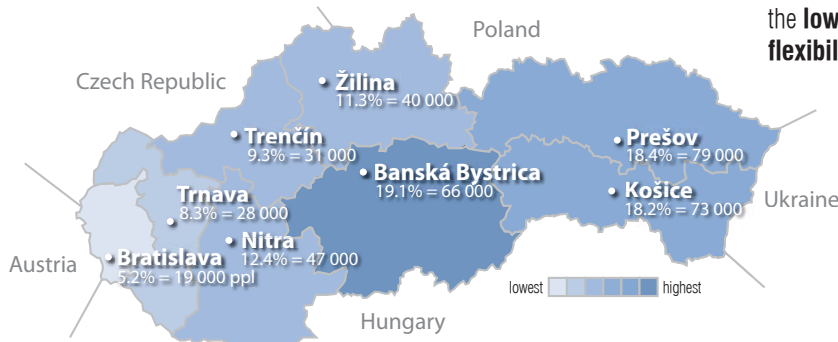
Export/Import by countries in 2010

#	Export	%	Import	%
1	Germany	19.3%	Germany	15.3%
2	Czech Republic	14.0%	Czech Republic	10.4%
3	Poland	7.3%	Russia	9.6%
4	France	6.9%	South Korea	7.8%
5	Hungary	6.7%	China	5.9%
6	Austria	6.7%	Hungary	4.2%
7	Italy	5.6%	Poland	3.9%
8	Russia	3.9%	France	3.5%
9	United Kingdom	3.6%	Italy	3.2%
10	Holland	2.9%	Austria	2.4%
	Others	23.1%	Others	33.8%

Source: Slovenský štatistický úrad

Labor Market

Unemployment rate and number of unemployed people



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

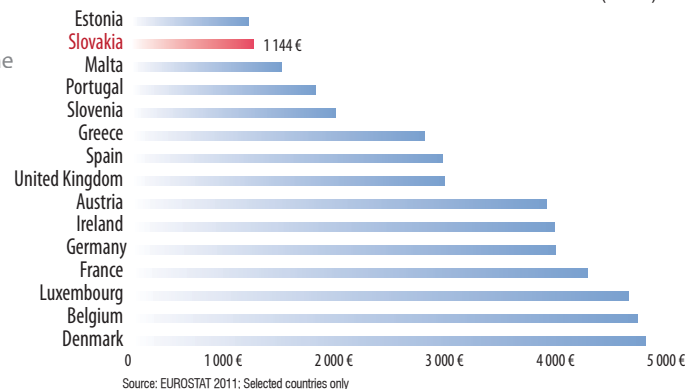
Labor Cost Structure (simplified)

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

National Holidays: 15 days

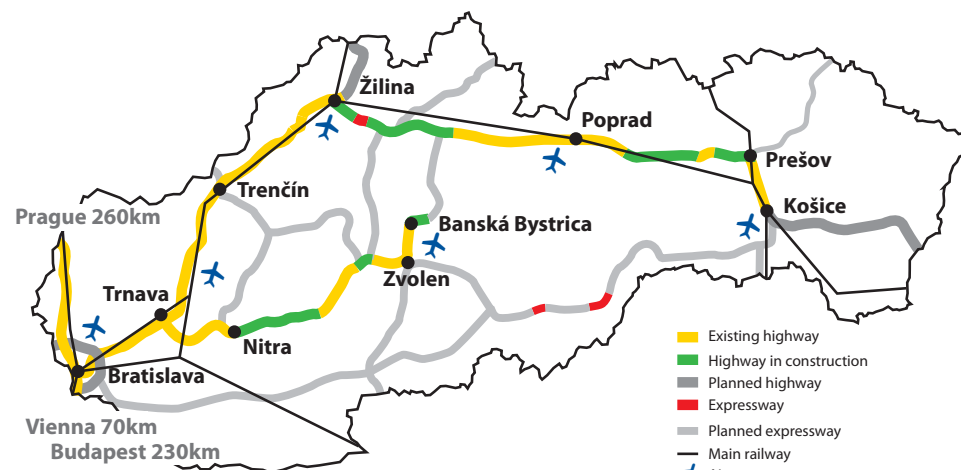
The fees are derived from employees' gross salaries

Slovakia offers the 2nd lowest labor cost in EUROZONE (2009)



Logistics & ICT Infrastructure

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



Mobile service operators: Orange, T-Mobile and O2

Mobile Network coverage:

GSM: 90+ % of the country
Orange: 99.6% of population
T-Mobile: 99% of population

Mobile Data Connection:

Orange: 14.4 Mbps download / 1.46 upload
FTTH (Fiber To The home) 100Mbps download / 100Mbps upload: available in 17 towns to 308,000 households.

T-Mobile: 21.8 Mbps download / 1.46 upload
Internet optik: 80Mbps download / 4Mbps upload available in 22 towns to 338,000 households.

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



Top Slovak Companies

#	Rank in TOP 200	The Largest Employers in Slovakia (Town of establishment)	Average number of employees		Change (%)	Increase (decrease) in number of employee		Personal costs (EUR 1,000)		Profit per employee (EUR)		Sales per employee (EUR)
			2010	2009		2010 - 09	2009 - 08	2010	2009	2010	2009	
1	23.	Železnice SR (Bratislava)	16 955	17 264	-1.8	-309	-460	233 649	230 509	-5 984	-5 266	25 509
2	34.	Slovenská pošta, a.s. (Banská Bystrica)	14 601	15 080	-3.2	-479	-227	161 011	160 210	-830	9	21 132
3	6.	U.S. Steel Košice, s.r.o. (Košice)	11 129	11 465	-2.9	-336	-762	246 304	243 554	8 624	1 257	221 746
4	27.	Železničná spoločnosť Cargo Slovakia, a.s. (Bratislava)	9 614	10 100	-4.8	-486	-399	131 856	122 973	-12 756	-12 535	39 339
5	10.	Tesco Stores SR, a.s. (Bratislava)	8 800	8 514	3.4	286	376	n/a	n/a	n/a	2 350	133 068
6	1.	Volkswagen Slovakia, a.s. (Bratislava)	7 000	6 500	7.7	500	-1593	166 520	146 891	10 743	8 727	576 977
7	7.	Slovenské elektrárne, a.s. (Bratislava)	5 230	5 472	-4.4	-242	-238	141 121	148 023	70 283	51 214	410 312
8	31.	Železničná spoločnosť Slovensko, a.s. (Bratislava)	4 995	4 966	0.6	29	19	73 399	69 622	983	5 467	65 078
9	12.	Slovak Telekom, a.s. (Bratislava)	4 984	4 966	-0.2	-12	-198	153 512	142 205	24 249	29 133	187 452
10	18.	Kaufland Slovenská republika, v.o.s. (Bratislava)	4 322	4 147	4.2	175	1387	n/a	n/a	n/a	n/a	124 942

Source: Trend, Top 200, July 2011

#	The Largest Nonfinancial Companies (Town of establishment)	Total sales (EUR 1,000)		Change (%)	Value added/ total sales (%)		After - tax profit (EUR '000)	Average number of employees	Sector
		2010	2009		2010	2009	2010	2010	
1	Volkswagen Slovakia, a.s. (Bratislava)	4 083 840	2 943 670	37.2	7.4	9.3	75 200	7 000	Automotive
2	Slovnaft, a.s. (Bratislava)	3 501 659	2 780 178	26	6.8	4.3	39 922	2 302	Chemical
3	Samsung Electronics Slovakia, s.r.o. (Galanta)	3 247 193	3 168 162	2.5	7	12.9	118 048	2 409	Electrical Eq
4	Kia Motors, s.r.o. (Žilina)	2 888 748	1 684 599	71.5	10.3	12.1	42 920	2 889	Automotive
5	Slovenský plynárenský priemysel, a.s. (Bratislava)	2 667 525	2 530 674	5.4	13.3	24.3	442 991	1 397	Energy
6	U.S. Steel Kosice, s.r.o. (Košice)	2 467 811	1 733 510	42.4	18	18.6	95 979	11 129	Metallurgy
7	Slovenské elektrárne, a.s. (Bratislava)	2 145 933	2 045 478	4.9	32.7	41.5	367 582	5 230	Energy
8	PCA Slovakia, s.r.o. (Trnava)	1 654 389	1 853 693	-10.8	13.7	14.9	49 475	2 937	Automotive
9	Foxconn Slovakia, s.r.o. (Nitra)	1 426 743	1 237 562	15.3	n/a	n/a	n/a	2 864	Electrical Eq
10	Tesco Stores SR, a.s. (Bratislava)	1 171 000	846 000	12.9	n/a	n/a	n/a	8 800	Retail

Source: Trend, Top 200, July 2011

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Economic Forecast

Item	in	Real 2008	Real 2009	Real 2010	Forecast			
					2011	2012	2013	2014
GDP in current prices	bil.EUR	67.2	63.1	65.9	69.7	74.7	79.8	85.4
Real GDP growth	%	6.2	-4.8	4.0	3.6	4.4	4.2	4.2
Household consumption real growth	%	6.0	0.3	-0.3	0.5	3.1	4.1	4.1
Household consumption nominal growth	%	10.8	0.3	0.6	4.3	6.4	7.5	7.6
Average monthly salary growth	%	8.1	3.0	3.2	3.5	5.6	6.3	6.7
Average monthly salary real growth	%	3.3	1.4	2.2	-0.6	2.0	2.7	2.9
Employment: average growth	%	3.2	-2.8	-2.0	1.9	1.0	0.9	0.9
Unemployment rate (%)	%	9.6	12.1	14.4	13.0	12.2	11.3	10.3
CPI Growth (Consumer Price Index - Inflation)	%	4.6	1.6	1.0	4.1	3.5	3.5	3.7
Harmonized Index Of Consumer Prices (HICP)	%	3.9	0.9	0.7	4.3	3.5	3.5	3.8
Production Prices Index (PPI)	%	6.1	-2.6	-2.8	2.9	2.6	2.1	2.3
Account Balance (as a % of GDP)	%	-7.0	-3.6	-3.5	-1.8	-1.8	-1.4	-1.5
Consumption of Public Administration (real growth)	%	5.3	5.6	0.1	-4.6	1.0	0.9	0.4
Creation of Gross fixed capital (real growth)	%	1.8	-19.9	3.6	3.8	5.8	3.2	4.5
Export /products and services/ (real growth)	%	3.2	-15.9	16.4	9.7	9.0	8.6	8.6
Import /products and services/ (real growth)	%	3.1	-18.6	14.9	6.5	8.4	8.2	8.8
International Trade Balance	bil. EUR	-0.8	0.9	0.1	0.5	0.2	0.3	-0.0
Exchange rate (Eur/USD)	EUR/USD	1.471	1.394	1.327	1.426	1.403	1.323	1.245
Euribor (3 month average)	%	4.6	1.2	0.8	1.5	2.3	3.0	3.5
Yield of Slovak 10 year bonds	%	4.6	4.8	4.0	4.6	5.0	5.3	5.2
Net Inflation (average)	%	3.8	1.4	0.9	1.7	2.7	3.4	3.5
Deflators' Growth - GDP	%	2.9	-1.2	0.5	2.1	2.7	2.5	2.7
- Household Consumption	%	4.5	0.0	0.9	3.8	3.2	3.3	3.4
- Public Administration Consumption	%	4.4	1.1	0.6	2.2	2.5	2.7	3.2
- Creation of Gross Fixed Capital	%	2.0	-2.2	-0.5	1.8	2.5	2.3	2.4
- Export of Goods and Services	%	1.4	-5.1	2.9	5.1	2.5	2.0	2.3
- Imports of Goods and Services	%	3.0	-4.1	4.9	6.6	3.2	2.1	2.3
Public finances, account balance as % of GDP	%	-2.3	-8.0	-7.9	-4.9	-3.8	-2.9	-2.8
- without the effects of 2 nd social security pillar	%	-1.0	-6.7	-6.7	-3.7	-2.6	-1.7	-1.6
Foreign Direct investment (net inflow to Slovakia - capital and reinvested profit)	mil. USD	2 186.4	1825.4	403.4	2253.4	2534.4	2577.6	2664.3
Crude oil (average price)	USD/bl.	97.2	61.6	79.9	114.4	118.3	120.3	122.0
GDP in Eurozone (real growth)	%	0.6	-4.1	1.8	2.0	2.0	-	-
GDP in the Czech republic (real growth)	%	2.5	-4.1	2.3	2.4	3.5	-	-
HICP (Harmonized Index of Consumer Prices) - Eurozone average	%	3.3	0.3	1.5	2.6	1.8	1.9	2.0
CPI (Inflation) end of year	%	4.4	0.5	1.3	4.7	3.6	3.6	3.8
Foreign Direct investment (net inflow to Slovakia / GDP)	%		2.1	0.5	2.3	2.4	2.4	2.5

Source: Ministry of Finance, Slovakia, June 2011

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 [VAT has been temporarily increased to 20% and is expected to be lowered back to 19% by 2013].
- 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, tobacco products, electricity, coal and natural gas.
- There are 3 Real 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 estate Tax: Transfer tax was abolished in 2005; Capital gains are taxable as regular income tax: 19%.
- 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.
- VAT registration is obligatory for entities with revenues exceeding 49 790 EUR within 12 consecutive months.
- There are special taxes imposed on certain assets (i.e. vehicle-road tax).

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

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)

State aid in regions:

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



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