

Slovakia in Figures 2012-13



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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



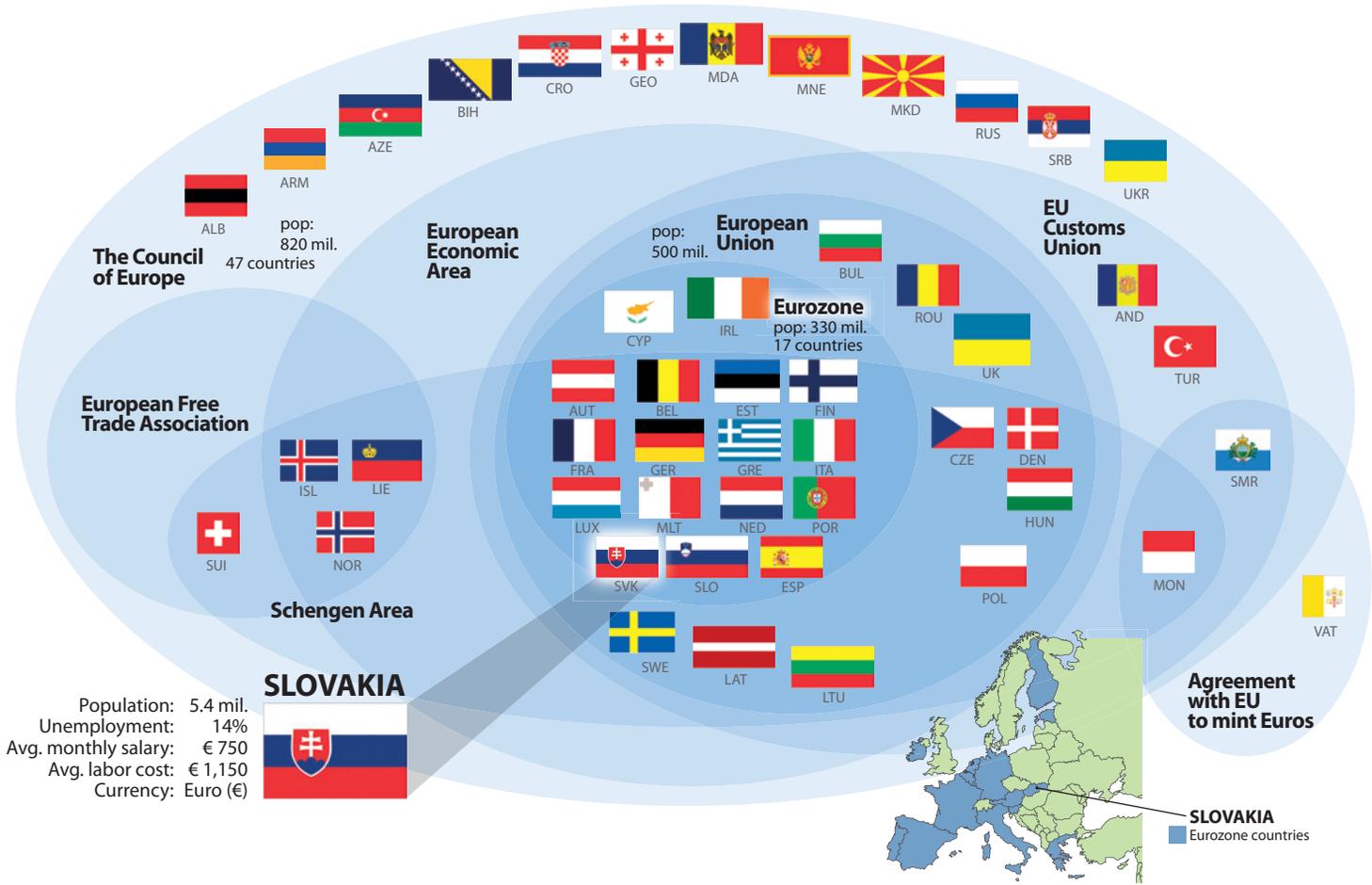
Kia in Slovakia - State-of-the art production facility

Beautiful Nature



Tatras - View from Strbské pleso

The Best Deal in the Eurozone = Slovakia



Solid and stable economy - Government debt is only 43% of GDP, € 5 500 per capita
The most productive labor force in OECD - the highest return on labor investment
The fastest desktop Internet, the 10th fastest mobile Internet - excellent IT infrastructure

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AMERICAN CHAMBER OF COMMERCE
IN THE SLOVAK REPUBLIC

- 18 - Years in Slovakia
- 20 - Percentage of Slovakia's GDP produced by AmCham members
- 300 - 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)

The Largest Towns in Slovakia (population)

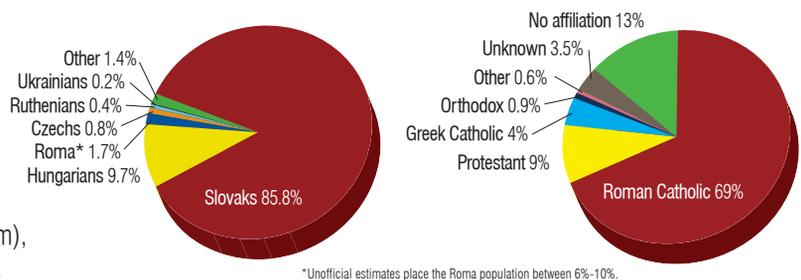


Literacy: 99%.

Life Expectancy: 80 yrs. females; 72 yrs. males. (2011)

Total Area: 49,000 sq km / 18,933 sq mi

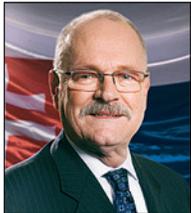
Slightly bigger than Denmark (43,000 sq km), Netherlands (42,000 sq km), or Switzerland (41,000 sq km); smaller than Costa Rica (51,000 sq km).



Politics & Ratings

The 2nd highest rating in V4 region

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



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



Prime Minister
Robert Fico
(2012-2016)
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); KDH (16); OLaNO (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.

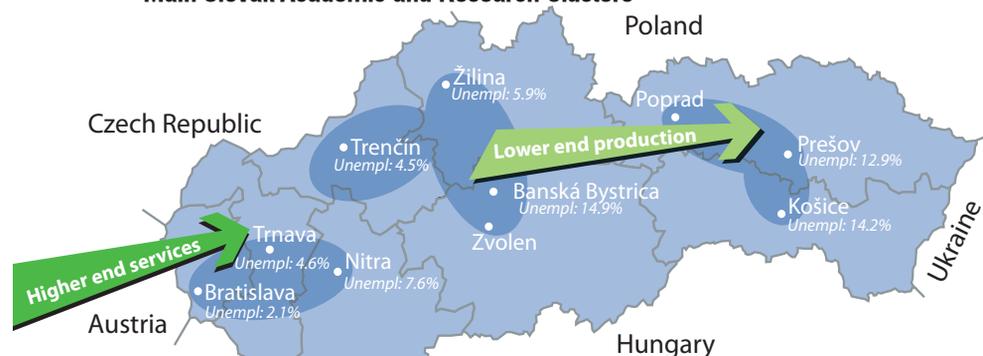
Countries Ratings (June 30, 2012)			
	MOODY	S&P	FITCH
SK	A2	A	A+
CZ	A1	AA-	A+
PL	A2	A-	A-
HU	BA1	BB+	BB+

■ Highest rating
Source: Slovenská Sporiteľňa

Economy, R&D and Knowledge centers

Advanced and ready to be utilized

Main Slovak Academic and Research Clusters



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

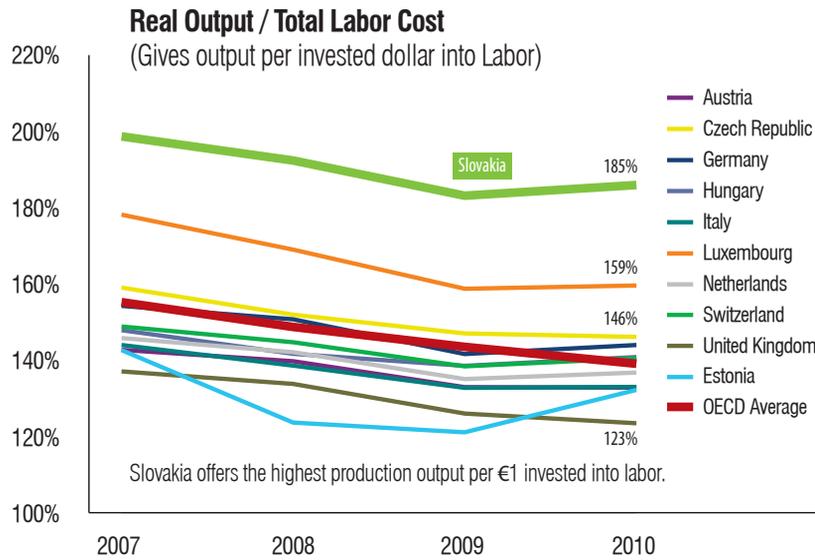
High Quality Labor

IBM employs 4,200 professionals in Slovakia, At&T 2,500, T-Systems 2,000 and Dell 2,000.



Labor Productivity and Export / Import

SLOVAKIA: The world leader in vehicles produced per capita



Export/Import by countries in 2011

#	Export	%	Import	%
1	Germany	20,4	Germany	16,4
2	Czech Republic	14,2	Russia	11,5
3	Poland	7,3	Czech Republic	10,6
4	Hungary	7,1	South Korea	6,4
5	Austria	7	China	6
6	France	6,4	Poland	4,1
7	Italy	5	Hungary	4,1
8	Russia	3,7	France	3,4
9	United Kingdom	3,6	Italy	3,4
10	China	2,6	Austria	2,3
	Others	22,7	Others	31,8

Source: Slovenský štatistický úrad

Labor Market

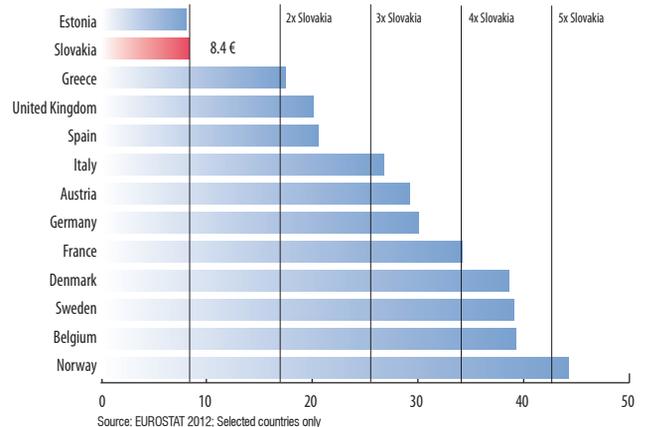
The most productive and second lowest cost in Eurozone

Unemployment rate and number of unemployed people (2011)



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.

Slovakia offers the 2nd lowest labor cost in EUROZONE (2011 in €/hour)



Labor Cost Structure (simplified)

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

The fees are derived from employees' gross salaries

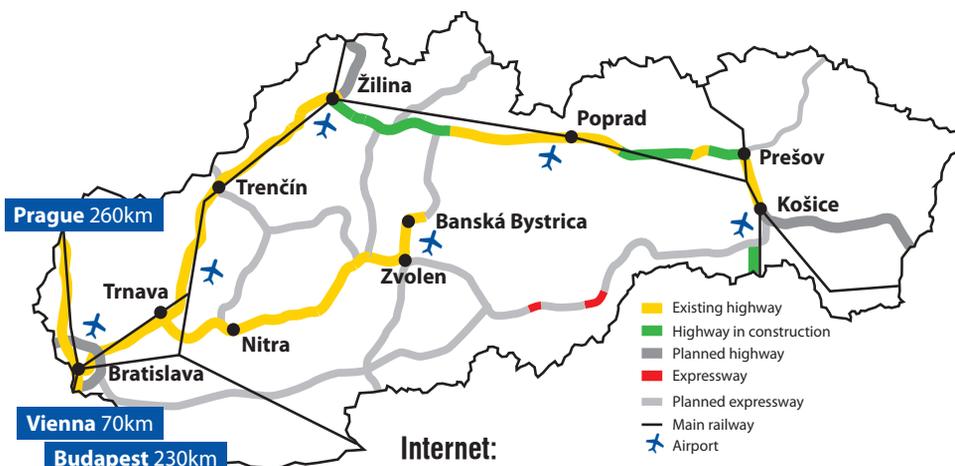
National Holidays: 15 days

Logistics & ICT Infrastructure

Modern and developed infrastructure

Easily accessible from Western Europe - 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.

Mobile Network coverage:

Orange: 99.6% of population
T-Mobile: 98.9% of population
O2:

Mobile Data Connection:

Orange: 42.2 Mbps download / 5.8 upload
FTTH (Fiber To The home) 100Mbps download / 100Mbps upload: available in 17 towns to 15.9% of population.

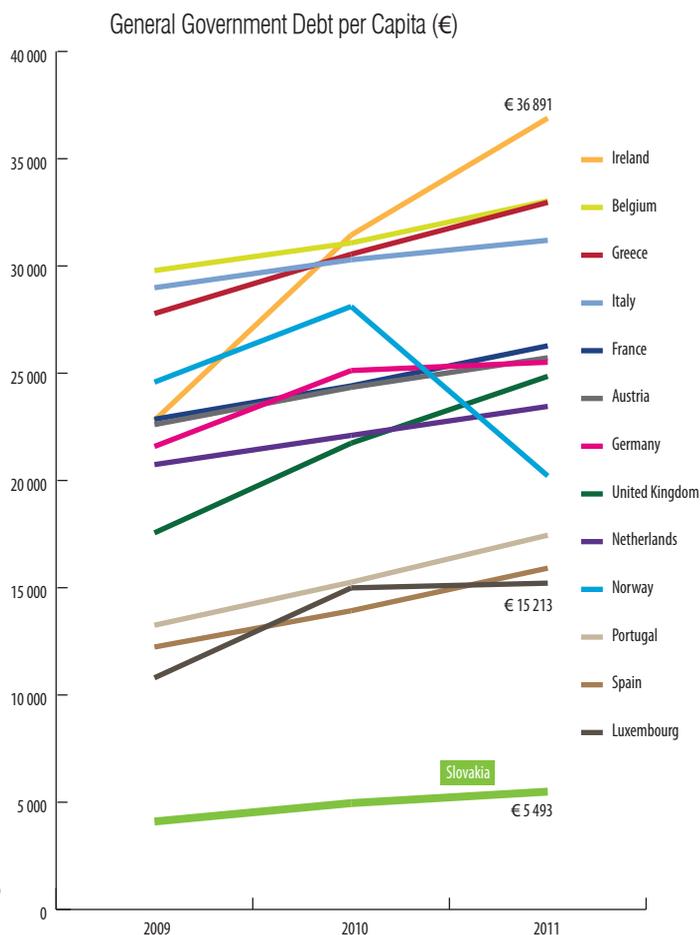
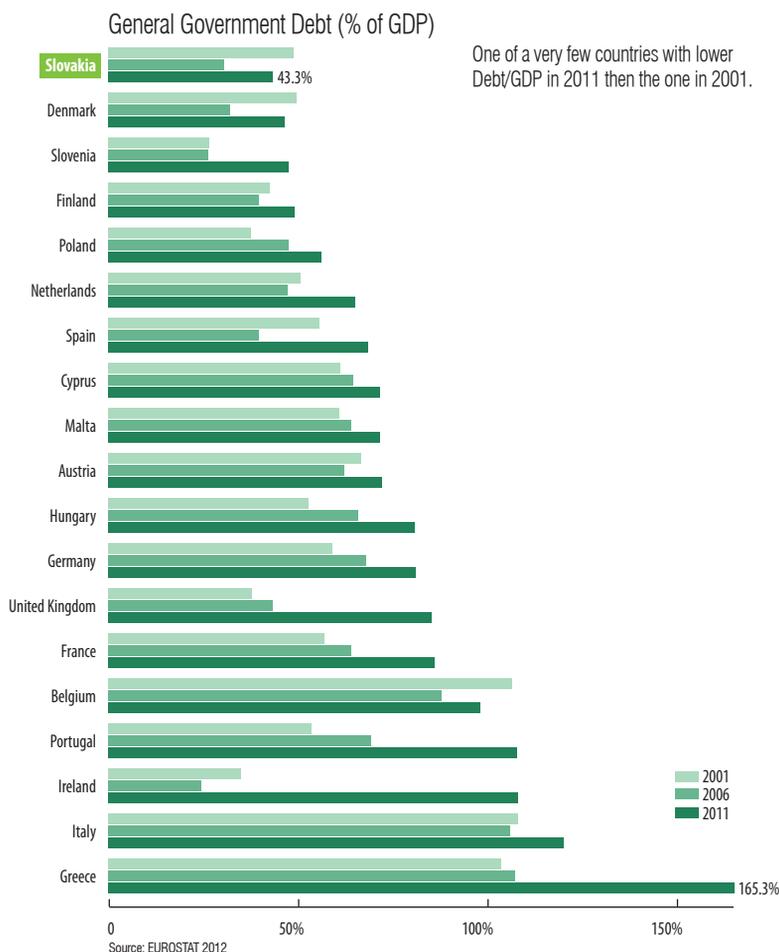
T-Mobile: 42 Mbps download / 5.8 upload
Internet optik: 80 Mbps download / 8 upload available in 22 towns to 368,000 households.
O2: 14.4 Mbps download / 2 upload

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



Stable Economy

Debt: Only 43.3% of GDP; € 5 493 per Capita



Top Slovak Companies

Largest companies: 17,000 employees, € 4 bil. in sales

#	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)
			2011	2010		2011/10	2011 - 10	2010 - 09	2011	2010	2011	
1.	23.	Železnice SR, Bratislava	15 820	16 955	-6,7	-1 135	-309	217 177	233 649	-2 009	-5 984	30 391
2.	38.	Slovenska posta a.s., Banska Bystrica	14 240	14 601	-2,5	-361	-479	n	161 011	n	-830	20 974
3.	7.	U.S Steel Kosice.s.r.o, Kosice	11 095	11 129	-0,3	-34	-336	253 205	246 304	2 232	8 624	219 583
4.	9.	Tesco Stores SR,a.s., Bratislava	9 500	8 800	8,0	700	286	n	n	n	n	137 895
5.	32.	Železnica spolocnost Cargo Slovakia,a.s., Bratislava	8 701	9 614	-9,5	-913	-486	104 389	131 856	-38	-12 756	42 642
6.	1.	Volkswagen Slovakia, a.s. Bratislava	8 400	7 000	20,0	1 400	500	206 163	166 520	16 088	10 743	618 207
7.	5.	Slovenske elektrarne,a.s., Bratislava	4 924	5 230	-5,9	-306	-242	136 419	141 121	92 849	70 283	578 529
8.	37.	Železničná spoločnosť Slovensko,a.s. Bratislava	4 862	4 995	-2,7	-133	29	n	73 399	n	983	63 097
9.	15.	Kaufland Slovenská republika,v.o.s.,Bratislava	4 500	4 322	4,1	178	175	n	n	n	n	141 111
10	35.	INA Skalica, s.r.o, Skalica	3 943	3 210	22,8	733	292	73 088	55 505	2 346	3 607	86 590

Source: Trend, Top 200, July 2012

#	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		2010/09	2010			
1	Volkswagen Slovakia, a.s. Bratislava	5 192 936	4 083 840	28,6	7,8	7,4	135 136	8 400	Automotive
2	Slovnaft, a.s. Bratislava	4 729 687	3 499 878	35,1	n/a	n/a	-18 643	3 624	Chemical
3	Kia Motors, s.r.o Zilina	3 328 383	2 888 748	15,2	10,8	10,3	68 631	3 158	Automotive
4	Samsung Electronics Slovakia, s.r.o, Galanta	3 167 764	3 247 193	-2,4	9,2	7	164 872	2 183	Electrical Eq
5	Slovenske elektrarne, a.s. Bratislava	2 848 676	2 145 933	32,7	22	32,7	457 190	4 924	Utilities
6	Slovensky plynarensky priemysel,a.s. Bratislava	2 519 590	2 528 850	-0,4	17,5	16	746 872	1 170	Utilities
7	U.S Steel Kosice.s.r.o, Kosice	2 436 273	2 467 811	-1,3	15,9	18	-24 765	11 095	Metallurgy
8	PCA Slovakia, s.r.o, Trnava	1 642 432	1 654 389	-0,7	12,8	13,7	18 302	2 953	Automotive
9	Tesco Stores SR, a.s. Bratislava	1 310 000	1 171 000	11,9	n/a	n/a	n/a	9 500	Store
10	Zapadoslovenska energetika, a.s.,Bratislava	975 986	949 488	2,8	26,6	26,9	139 731	1 808	Utilities

Source: Trend, Top 200, July 2012



Item	in	Real 2009	Real 2010	Real 2011	Forecast			
					2012	2013	2014	2015
GDP in current prices	bil.EUR	63.1	65.9	69.1	71.8	75.1	79.6	84.2
Real GDP growth	%	-4.8	4.0	3.3	2.5	2.6	3.9	3.7
Household consumption real growth	%	0.3	-0.3	-0.4	0.1	1.4	3.3	4.0
Household consumption nominal growth	%	0.3	0.6	3.4	4.3	3.9	5.5	6.4
Average monthly salary growth	%	3.0	3.2	2.2	3.2	4.0	4.5	5.2
Average monthly salary real growth	%	1.4	2.2	-1.6	-0.3	1.4	2.3	2.8
Employment: average growth	%	-2.8	-2.0	1.5	0.4	0.4	0.6	0.8
Unemployment rate (%)	%	12.1	14.4	13.5	13.9	13.7	13.6	13.2
CPI Growth (Consumer Price Index - Inflation)	%	1.6	1.0	3.9	3.5	2.5	2.1	2.3
Harmonized Index Of Consumer Prices (HICP)	%	0.9	0.7	4.1	3.7	2.5	2.1	2.3
Production Prices Index (PPI)	%	-2.6	-2.8	2.7	3.4	2.1	2.2	2.3
Account Balance (as a % of GDP)	%	-3.6	-3.5	0.1	1.1	1.2	1.7	2.2
Consumption of Public Administration (real growth)	%	5.6	0.1	-3.5	-2.5	3.1	0.9	-0.7
Creation of Gross fixed capital (real growth)	%	-19.9	3.6	5.7	3.0	0.6	3.0	2.7
Export /products and services/ (real growth)	%	-15.9	16.4	10.8	5.2	5.6	5.3	5.3
Import /products and services/ (real growth)	%	-18.6	14.9	4.5	3.8	5.0	4.5	4.7
International Trade Balance	bil. EUR	0.9	0.1	2.44	2.88	3.14	3.77	4.34
Exchange rate (Eur/USD)	EUR/USD	1.394	1.327	1.392	1.258	1.244	1.214	1.200
Euribor (3 month average)	%	1.2	0.8	1.4	0.8	1.0	1.6	2.3
Yield of Slovak 10 year bonds	%	4.8	4.0	4.4	4.4	4.7	4.7	4.8
Net Inflation (average)	%	1.4	0.9	1.5	2.6	2.5	2.2	2.1
Deflators' Growth - GDP	%	-1.2	0.5	1.6	1.4	2.0	2.0	2.0
- Household Consumption	%	0.0	0.9	3.8	4.2	2.5	2.1	2.3
- Public Administration Consumption	%	1.1	0.6	1.9	1.9	2.5	2.1	2.3
- Creation of Gross Fixed Capital	%	-2.2	-0.5	0.2	-0.3	0.7	2.0	2.0
- Export of Goods and Services	%	-5.1	2.9	4.0	5.5	2.6	1.9	1.8
- Imports of Goods and Services	%	-4.1	4.9	5.3	5.8	3.0	2.0	2.0
Public finances, account balance as % of GDP	%	-8.0	-7.9	-4.8	-4.6	-2.9	-2.3	-1.7
- without the effects of 2 nd social security pillar	%	-6.7	-6.7	-3.6	-3.3	-1.7	-1.1	-0.5
Foreign Direct investment (net inflow to Slovakia - capital and reinvested profit)	mil. USD	1825.4	403.4	2273	1926	2376	2400	2530
Crude oil (average price)	USD/bil.	61.6	79.9	112.1	114.3	112.8	114.8	118.2
GDP in Eurozone (real growth)	%	-4.1	1.8	1.5	-0.3	0.6	-	-
GDP in the Czech republic (real growth)	%	-4.1	2.3	1.7	-0.5	1.7	-	-
HICP (Harmonized Index of Consumer Prices) - Eurozone average	%	0.3	1.5	2.7	2.4	1.8	1.9	2.0
CPI (Inflation) end of year	%	0.5	1.3	4.4	3.3	2.6	1.9	2.5
Foreign Direct investment (net inflow to Slovakia / GDP)	%	2.1	0.5	2.4	2.1	2.5	2.5	2.5

Source: Ministry of Finance, Slovakia, June 2011

▪ Taxes, State Aid, Subsidies, and Support

Simple and low tax; State aid available

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).

Some adjustments are expected to be introduced in 2012.**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)
- Act no. 231/2011
- Act no. 481/2011

State aid in regions:

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

YOUR MARKETS MAY BE GLOBAL BUT YOUR LEGAL ISSUES ARE LOCAL

At Squire Sanders, we combine the vast reach of a worldwide legal practice with detailed knowledge of the laws and languages we encounter in each market. We are as global – or as local – as you need. Our integrated approach leverages our global experience to provide tailored, practical solutions for our clients.

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