

Slovakia in Figures

2017

ECENTER
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Developed Infrastructure



Petržalka in Bratislava - The most dense urban area in Central Europe

Productive and Modern Industry



Automotive - State-of-the-art production facilities

Talented People



AeroMobil - a flying car invented and built in Slovakia

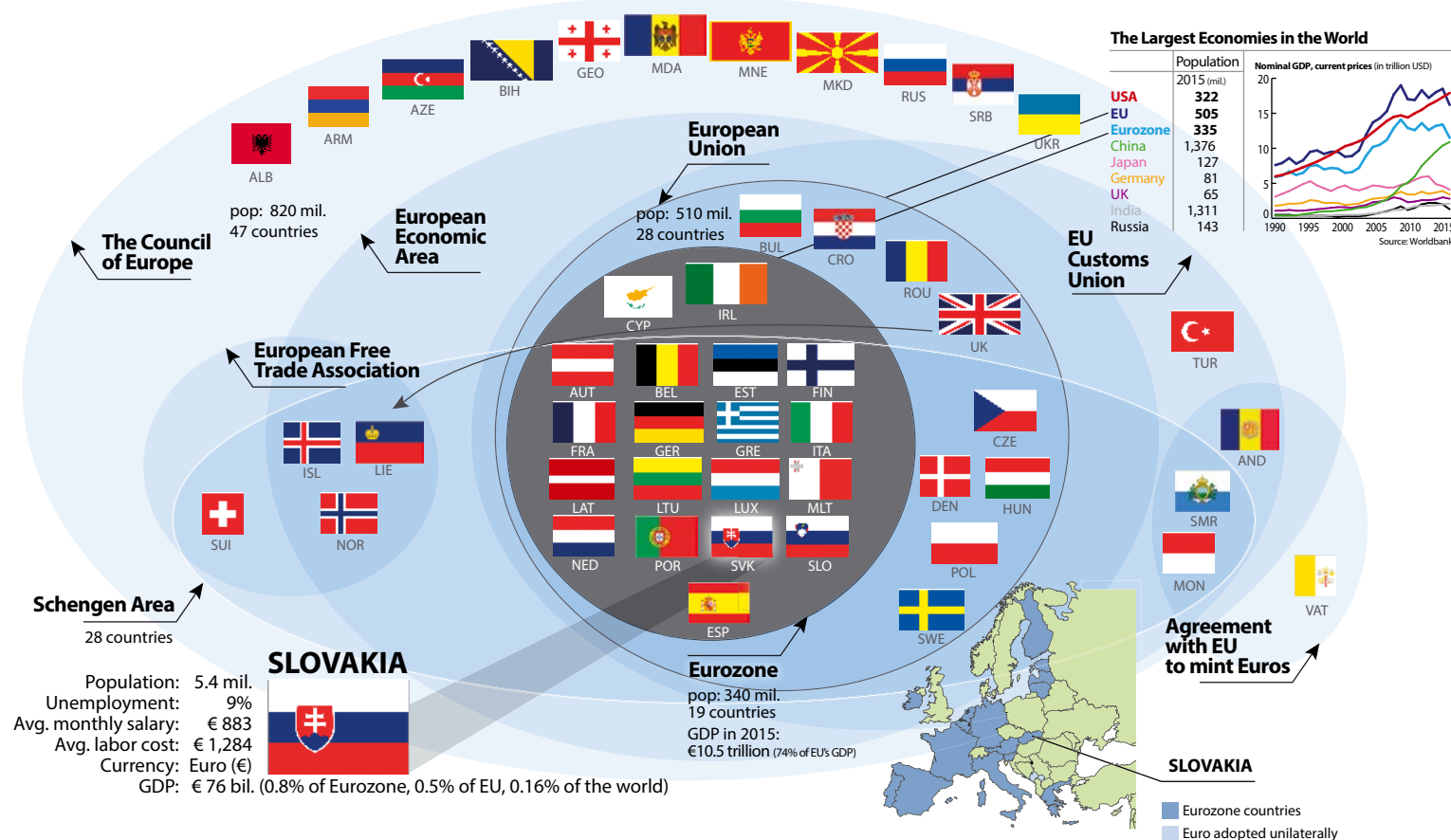
Beautiful Nature



Kriváň - Symbol of Slovakia located in High Tatras

Slovakia - The Best Deal in Europe

Compared to India or China, Slovakia is culturally very similar to other Western countries



Convenient Only 35 minutes from Vienna Airport	Great Value Only € 1,284 average monthly labor cost	Top Quality Work Automotive super power 	Sophisticated Services Great for business service centers
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Management Consulting

We help companies achieve
outstanding results

www.amcham.sk

AmCham Slovakia

- 23 - 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

www.pwc.com/sk

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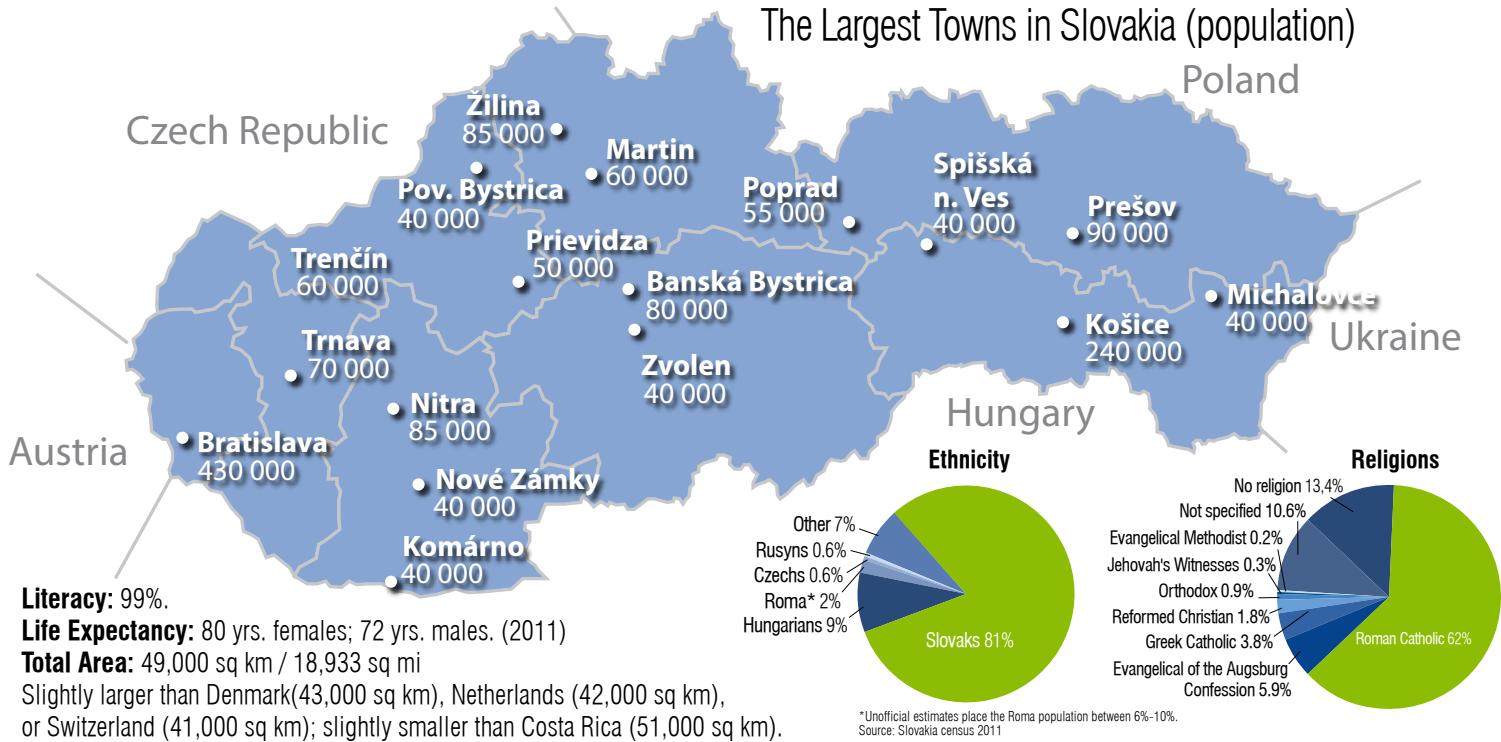
Audit, Tax, Advisory, Transactions, Customs, Investment incentives advisory, Deals assistance, Environmental advisory, PwC Legal, HR Services

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Population – 5.4 mil.

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



Politics & Ratings

The 2nd highest rating in V4 region



President
Andrej Kiska
(2014 - 2019)



Prime Minister
Róbert Fico
(2016 - spring 2020)
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: Coalition parties: Smer-SD (49)[33%]; SNS (15)[10%]; Most-Híd (15)[10%]; Opposition parties: SaS (21)[14%]; OĽaNO (19) [13%]; ĽSNS (14)[9%]; Sme rodina (8)[5%]; No party affiliation (9)[6%];
Next parliamentary elections: 2020
Suffrage: Universal at 18 years.
Administrative divisions: 8 administrative regions, 79 districts.

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

Countries Ratings (Jan 17, 2017)			
	MOODY	S&P	FITCH
SK	A2	A+	A+
CZ	A1	AA-	A+
HU	Baa3	BBB -	BBB -
PL	A2	BBB+	A-

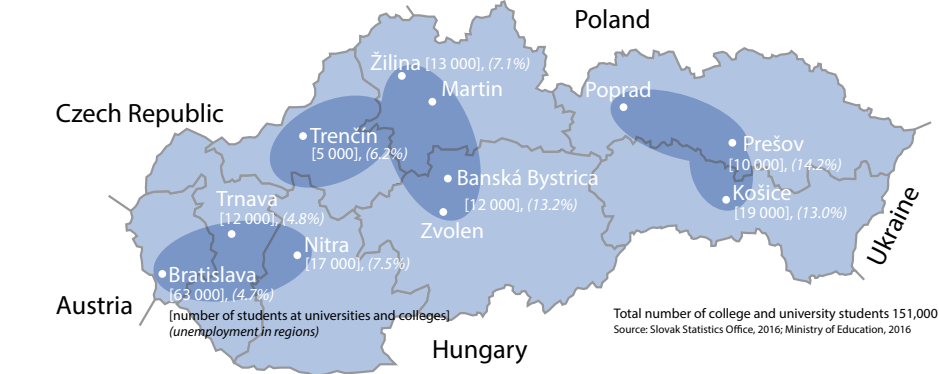
Lowest rating Highest rating

Source: Slovenská Sporiteľňa, 2017

Economy, R&D and Knowledge Centers

High Quality Labor: a hub for ICT and shared service centers

Main Slovak Academic and Research Clusters



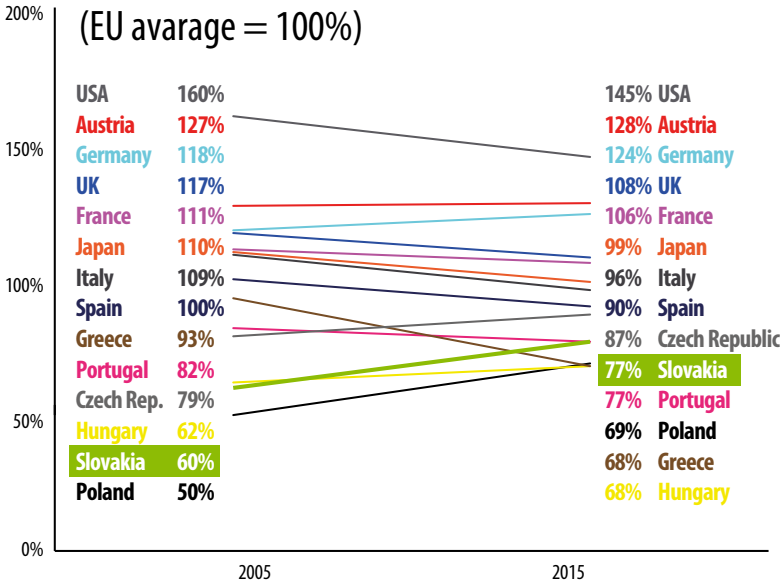
Top 9 ICT and Shared Service Centers (Employees at Year End)						
#	Company	2011	2012	2013	2014	2015
1	IBM	4000	4330	4700	4900	5100
2	T-systems	2136	2596	2922	3227	3667
3	AT&T	2200	2900	3000	3078	3026
4	HP	1430	1700	1700	1700	1797
5	Dell	1763	1839	1833	1718	1667
6	Accenture	1120	1128	1307	1484	1577
7	Lenovo	630	690	592	603	707
8	Amazon	0	281	370	576	650
9	First Data	336	433	440	452	460
Total		15626	17909	18877	19752	20666
Y/Y Growth			15%	5%	5%	5%



Labor Productivity and Export/Import

SLOVAKIA produces high quality products, mostly for Germany

GDP per capita in Purchase Parity Standard (EU average = 100%)



Source: Eurostat, 2017

Export/Import by countries in 2015

#	Export	(mil. €)	%	#	Import	(mil. €)	%
1	Germany	15 187	22.4%	1	Germany	10 123	15.7%
2	Czech Rep.	8 404	12.4%	2	Czech Rep.	7 194	11.2%
3	Poland	5 604	8.3%	3	China	5 619	8.7%
4	Austria	4 071	6.0%	4	South Korea	4 263	6.6%
5	Hungary	3 795	5.6%	5	Russia	3 488	5.4%
6	France	3 784	5.6%	6	Poland	3 298	5.1%
7	U.K.	3 676	5.4%	7	Hungary	3 238	5.0%
8	Italy	3 058	4.5%	8	Italy	2 184	3.4%
9	Spain	1 873	2.8%	9	France	2 124	3.3%
10	Holland	1 654	2.4%	10	Austria	1 728	2.7%
12	USA	1 465	2.2%	15	USA	740	1.1%
	Other	15 108	22.3%		Other	20 361	30.1%
	EU	57 651	85.2%		EU	42 165	65.5%
	Total	67 680	100%		Total	64 361	100%

Source: Ministry of Economy, 2017

Year	Export (mil. €)	Import (mil. €)	Trade Balance
2014	64 721	60 019	+4 702
2015	67 680	64 361	+3 319
Change	+2 959	+4 342	

Source: Ministry of Economy, 2017

Labor Market

SLOVAKIA offers the third lowest labor cost in Europe

Unemployment rate (9%) and number of unemployed people in regions (Oct 2016)



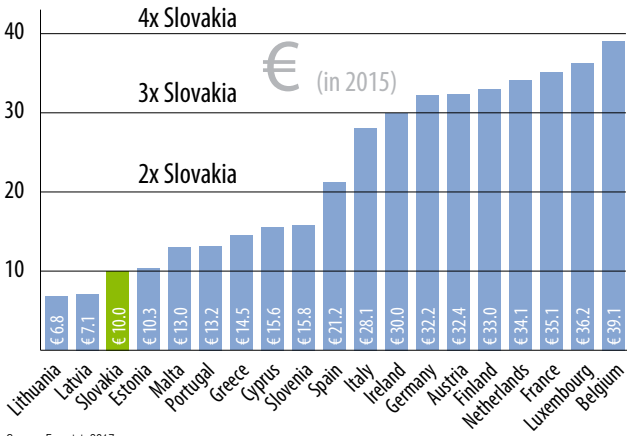
Labor Cost Structure (simplified)

	Employee	Employer	Total
Social Security	9.4%	25.2%	34.6%
Healthcare Insurance	4.0%	10.0%	14.0%
Total	13.4%	35.2%	48.6%

The fees are derived from employees' gross salaries

National Holidays: 15 days

Labor **costs** are among the **lowest** in Eurozone. Skilled workers are readily **available**. Labor **laws** allow **more flexibility** for employers than those in the other Eurozone countries.



Source: Eurostat, 2017

Logistics & ICT Infrastructure

Modern and developed infrastructure

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



Direct flights to over 130 cities are available within 1 hour drive from Bratislava city center.

High speed mobile services with excellent coverage

Provider	Mobile Network Coverage		Data Connection	
	Population	Population 4G	Download	Upload
Orange	99.8%	80%	225 Mbps	50 Mbps
Slovak Telekom	99%	86.3%	300 Mbps	50 Mbps
02	98%	66%	73 Mbps	15 Mbps
4ka	99%	66%	73 Mbps	23 Mbps

Source: Orange, Slovak Telekom, 02, 4ka

Various options of high-speed Internet are available through landlines and satellite operators including FTTH (fiber-to-the-home).

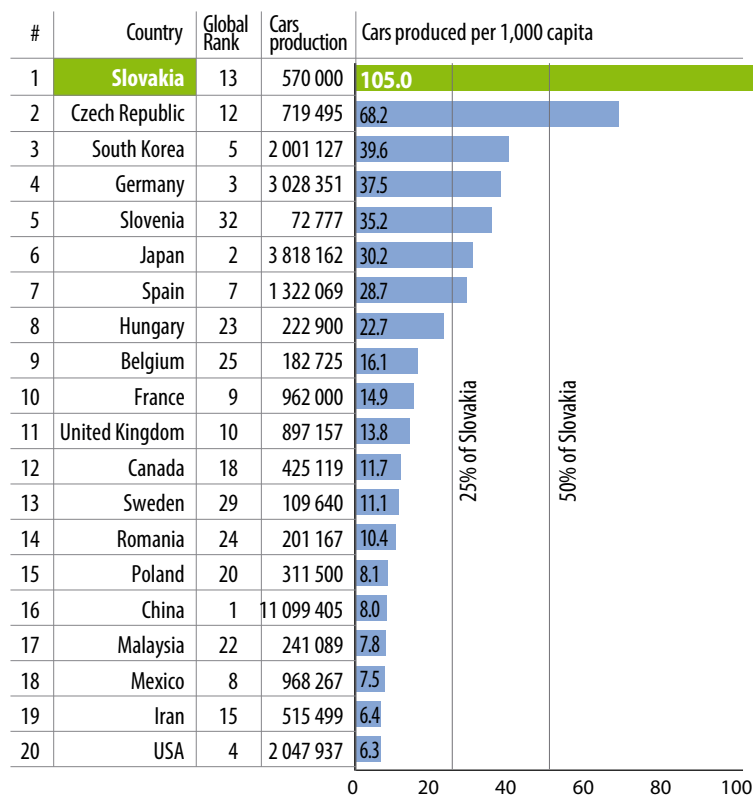


Top Quality Work

SLOVAKIA - global leader in cars produced per capita

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



Recent news

"Slovakia is understated beauty." Lonelyplanet.com, 2017

Wired.com, Jan 19, 2017 "Slovakia's Hyperloop Moves a Step Closer to Not Being a Joke."

Jan-2017 "Faurecia opens new plant in Slovakia. 1300 people expect to find jobs at the new production facility."

Jan-2017 "Slovakia again breaks car production record."

Dec-2016 "Large companies in Bratislava expect a significant increase in job hire. According to the results of a survey conducted by the ManpowerGroup Slovensko company, employers in Slovakia report encouraging recruitment plans for 2017."

Nov-2016 "Slovakia runs the highest number of night shifts in the European Union. 16 percent of people work between 22:00 and 6:00, according to the latest survey carried out by Eurostat."

Oct-2016 "Hyperloop opens branch in Slovakia: while Ahlborn favours Bratislava for its location and closeness to major airports, he wants to hire dozens of talented local people. Slovaks are strong in mechanical engineering, material management and data engineering, Ahlborn said. "We are not here to save money but to obtain the highest possible quality," he added."

Sep-2016 "Experts say Slovakia has room for another carmaker. Slovakia is already home to the manufacturing plants of three global carmakers, with construction of a fourth facility underway. Experts and market analysts say there is still space for a fifth plant, especially in eastern or southeastern Slovakia."

Sep-2016 "JLR in Nitra will employ 2,800 people during the first phase, and later increase that to 3,900, with a total investment of €1.4 billion."

Aug-2016 "German automotive supplier, Brose, will invest more than €50 million in Prievidza, creating 1,000 new jobs. It plans to produce window lifters and rear doors."

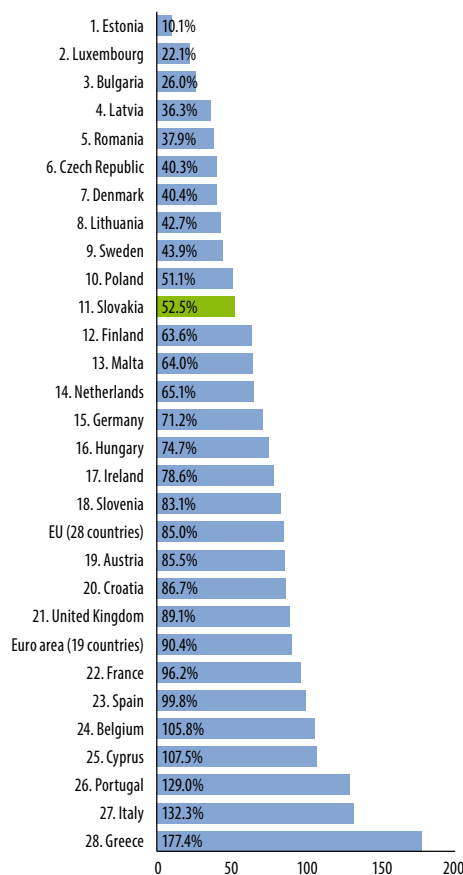
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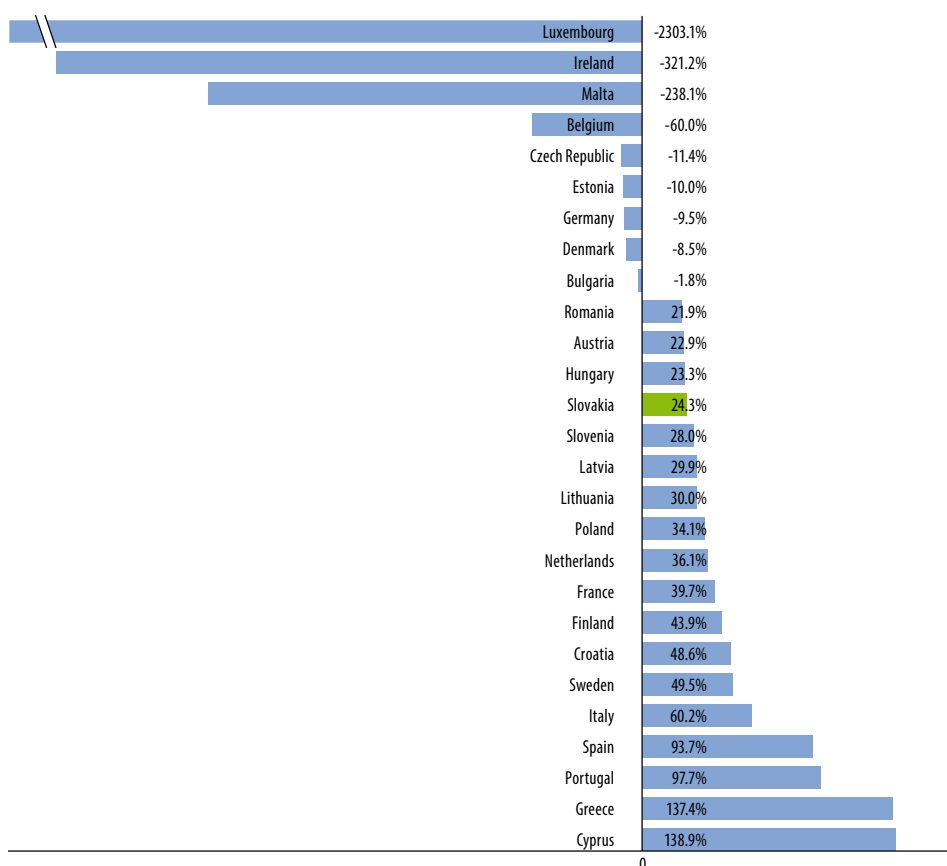
Public Debt

Slovakia is a stable country

Gross Public Debt as % of GDP



Net Public Debt as % of GDP





Economic Forecast

2017: GDP + 4.3%; Inflation + 0.9%

	Indicator (Slovakia, if not mentioned otherwise)	in	2011	2012	Real 2013	2014	2015	Forecast			
								2016	2017	2018	2019
GDP Related	GDP in current prices	bil. €	70.4	72.4	73.8	75.6	78.1	80.5	84.0	88.5	94.2
	Real GDP growth Slovakia	%	4.5	2.8	2.0	2.3	3.3	3.2	4.3	5.4	6.4
	Real GDP growth Czech Republic	%	1.7	-1.0	-0.5	2.7	4.5	2.8	2.9	2.9	n/a
	Real GDP growth Germany	%	3.7	0.4	0.3	1.6	1.7	1.9	1.5	1.7	n/a
	Real GDP growth Eurozone	%	1.5	-0.7	-0.5	1.2	2.0	1.6	1.5	1.4	1.4
	Real GDP growth United States	%			1.5	2.4	2.6	1.6	2.2	2.1	1.9
	Real GDP growth World	%	2.8	2.3	2.4	2.7	2.7	2.3	2.7	2.9	2.9
	Household consumption real growth	%	3.3	3.0	0.5	2.3	2.2	2.4	3.4	4.4	4.9
	Government consumption real growth	%	0.3	-0.7	3.2	6.3	4.3	3.6	3.4	3.2	3.3
	CPI Growth (Consumer Price Index - Inflation)	%	3.9	3.6	1.4	-0.1	-0.3	-0.5	0.9	1.6	1.9
	Account Balance (as a % of GDP)	%	0.1	2.2	1.5	0.1	-1.3	-0.7	-0.3	0.5	1.4
	Consumption of Public Administration (real growth)	%	-1.7	-2.6	2.2	5.9	3.4	1.8	1.7	1.3	1.1
	Creation of Gross fixed capital (real growth)	%	12.7	-9.2	-1.1	3.5	14.0	-0.1	4.0	0.5	2.0
Labor Related	Average monthly salary real growth	%	-1.6	-1.2	1.0	4.2	3.3	3.3	2.6	2.7	2.8
	Salaries as % of GDP	%	29.4	29.2	29.1	30.0	30.6	31.1	31.3	31.3	31.1
	Average Nominal Monthly Salary	€	786	805	824	858	883	908	940	980	1027
	Avg. Nominal Monthly Salary Growth (€ 883 in 2015)	%	2.2	2.4	2.4	4.1	2.9	2.8	3.5	4.3	4.8
	Private Sector (€ 883 in 2015)	%	2.7	2.2	2.0	4.0	2.8	2.4	3.3	4.4	4.9
	Public Sector (€ 883 in 2015)	%	0.2	3.7	3.5	4.6	3.3	4.3	4.1	4.2	4.2
	Labor Productivity (real growth)	%	1.0	1.5	2.2	1.1	1.6	1.4	2.0	2.8	3.5
	Unit labour cost	%	1.0	1.1	0.3	0.7	0.8	0.5	1.7	1.5	1.2
	Employment	1,000 ppl	2 193	2 191	2 176	2 205	2 252	2 300	2 334	2 358	2 380
	Employment: average growth	%	1.9	-0.1	-0.7	1.3	2.1	2.1	1.5	1.1	0.9
	Unemployment rate	%	13.6	14.0	14.2	13.2	11.5	9.8	8.5	7.4	6.4
	Real Monthly Income growth	%	-1.6	-1.2	0.9	4.2	3.3	3.3	2.6	2.7	2.8
	Export /products and services/ (real growth)	%	12.0	9.3	5.2	3.6	7.0	5.5	5.8	7.3	7.7
Trade & Finance	Import /products and services/ (real growth)	%	9.7	2.6	3.8	4.3	8.2	4.2	4.9	5.8	6.3
	Exchange rate (Eur/USD)	USD/EUR	1.39	1.29	1.33	1.33	1.11	1.12	1.15	1.18	1.20
	Exchange rate end of year JPY/EUR	JPY/EUR		106.7	135.6	141.1	132.4	113.3	113.0	113.0	113.0
	Exchange rate end of year CHF/EUR	CHF/EUR		1.22	1.28	1.19	1.08	1.09	1.08	1.07	1.07
	Exchange rate end of year CZK/EUR	CZK/EUR		26.29	26.73	27.25	26.94	27.08	26.50	26.90	26.40
	Euribor (3 month average)	%	1.4	0.6	0.2	0.2	0.0	-0.3	-0.3	-0.2	-0.1
	Yield of Slovak 10 year bonds (average)	%	4.4	3.4	2.6	1.9	0.8	0.5	0.7	1.1	1.3
	Growth of GDP Deflators	%	1.6	1.3	0.5	-0.2	-0.3	-0.4	0.7	1.5	2.0
	Crude oil (average price)	Eur/bbl	80.5	87.0	81.9	74.6	48.3	40.1	46.0	47.3	48.5
	ECB Key Interest Rate	%	1.3	0.9	0.5	0.2	0.1	0.0	0.0	0.0	0.1
	Savings Interest Rates	%	1.17	1.21	0.99	0.77	0.58	0.44	0.41	0.42	0.46
	Deposits	(bil. €)		41.9	43.2	45.2	48.4	51.9	55.0	57.1	60.2
	EU Funds	(mil. €)	2117	2005	1983	2223	4241	2318	2516	2682	2723
	- in public sector	(mil. €)	1005	988	1167	1283	2729	1376	1458	1519	1604
	- in private sector	(mil. €)	1113	1017	816	940	1511	943	1058	1163	1119
	Sole proprietors	1 000	374	360	362	364	367	380	386	390	394

Source: Ministry of Finance of the Slovak Republic, September, 2016.

Taxes, State Aid, Subsidies, and Support

Simple tax system; Available state aid

The tax system is compliant with EU tax systems

- Corporate income tax: 21%
- Capital gains tax for corporate entities: 21%
- Withholding tax:
 - Interest, Royalties: 19% (a 35% withholding tax may apply to payments to jurisdictions where no double tax treaty or tax information exchange agreement with Slovakia exists, i.e. non-treaty jurisdictions)
- Dividends paid to individuals from profits generated after 1 January 2017 are in general subject to a 7% tax rate. Dividends paid to legal entities domiciled in the EU or other treaty jurisdictions are in general not subject to tax.
- Dividends paid to, or received from, residents (individuals or legal entities) of non-treaty jurisdictions are subject to a special tax of 35%.
- Thin capitalisation rules do not permit 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 domestic and cross-border transfers.
- Taxpayers involved in R&D are entitled to a R&D super deduction of at least 25% of qualifying costs incurred in their income tax return.
- Slovak source income - fees for services are only taxable in Slovakia (subject to double tax treaty relief) if the services are performed in Slovakia or via a Slovak permanent establishment.
- Personal Income tax: 19% and 25% if the tax base is more than EUR 35,022.31.
- Capital gains tax for individuals: 19% from 2016 calendar year
- Foreign persons may be subject to Slovak taxation if they spend more than 183 days of the relevant year in Slovakia, or their foreign employer has a permanent establishment in Slovakia or they are classified as economic employees of a Slovak company.
- VAT (Value Added Tax or Sales Tax):
 - 20% - almost all products and services
 - 10% - textbooks and most healthcare related products and services, some specific basic food items, certain financial and insurance services
- VAT registration is obligatory for entities with revenues exceeding EUR 49,790 in a period of 12 consecutive months.
- 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 in apartment buildings
 - tax on buildings.

- Tax on land is levied at 0.25% of the tax base, which is 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 and EUR 0.33 per sq. m. of floor area.
- No real estate transfer tax, stamp duties or capital taxes apply.
- Special taxes are imposed on certain assets or businesses (e.g. vehicle road tax for cars for business purposes, special levy in regulated industries).

Stimulus laws:

- Act No. 561/2007 Coll. on investment aid, as amended
- Act No. 595/2003 Coll. on income tax, as amended
- Act No. 5/2004 Coll. on employment services, as amended
- Act No. 358/2015 Coll. on adjustment of some relations in the field of state aid and de minimis aid and amendment to certain acts (State Aid Act)
- Regulation 219/2015 on maximum intensity of investment aid and the amount of investment aid in individual regions of the Slovak Republic

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.
The maximum aid intensities may be increased by up to 20% for small enterprises or by up to 10% for medium-sized enterprises.

Source: PwC, www.pwc.com/sk



Legal Regime

Friendly rules for international ownership

- The Slovakia legal regime is subject to the **European Union umbrella**, enabling access to the EU freedom of movement of goods, capital, services, & people
- Civil law jurisdiction with a developed legal framework regulating business conduct, **unified by European Union business law**
- 66 Double Tax Treaties; 25 EU Member & 35 Non-EU Member Bilateral Investment Treaties; Eurozone, **WTO**, **NATO**, & **OECD Member**
- Foreigners are generally afforded the same rights to conduct business as Slovak citizens
- **Foreigners may generally acquire Real Estate** (agricultural or forest land exceptions apply)
- **100% foreign ownership possibility**; no local joint venture partner required; no local-based executive required
- **Variety of business organization options**, including limited liability company (s.r.o.), joint stock company (a.s.), & simple joint stock company (j.s.a.)
- Company & Real Estate details and title information **available online free of charge** (favorable access compared to other various EU and neighboring jurisdictions)
- Framework for **smooth enforcement of EU judgments** and foreign **Arbitration awards** (New York Convention member); other foreign judgement enforcement also possible

Item	s.r.o.	a.s.	j.s.a.
Min. Cap. Requirement	EUR 5K	EUR 25K	EUR 1
Required # of Owners*	1-50 natural or legal persons	1 or more legal; or 2 or more natural persons	1 or more natural or legal persons
Company Bodies*	1 or more Executives (Supervisory Board optional)	Board of Directors & Supervisory Board	Board of Directors (Supervisory Board optional)
Freely Transferable Ownership Interest	YES	YES	YES
Independent Company Personality	YES	YES	YES
Owner Liability Limited to Investment	YES	YES	YES

*Foreign EU & non-EU owners possible; Foreign EU & non-EU citizen appointment to company bodies possible; Board of Directors formation requires appointment of 1 or more natural persons; Supervisory Board formation (whether optional or required) requires appointment of 3 or more natural persons; Executive, Board of Directors, & Supervisory Board appointments without remuneration possible.

- Modern Act on Arbitration in line with **2006 UNCITRAL model law**
- US-style punitive damages compensation is not awardable
- General **respect for freedom of contract**; parties are generally free to choose governing law and means of dispute resolution
- **Extensive patent, trademark, & copyright protection** availability under EU Intellectual Property protection regime and Slovak domestic law
- Recognition of **employee-employer invention assignment arrangements**
- Foreign person **participation in Public Procurement** is permissible
- Defined regimes limiting business and operational uncertainty regarding:
 - Limited expropriation rules
 - Building & Construction Development
 - Bankruptcy & Restructuring, incl. access to the EU regulatory framework on cross-border insolvency
 - Corporate law, incl. Mergers & Acquisitions and capital raising (stock, bond, & convertible options available)
 - Antitrust, incl. access to EU-wide one stop shop merger approval in cases of mergers with an EU dimension
 - Prohibition of unfair trade practices

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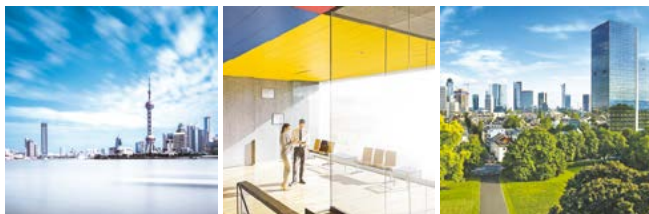
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