

Slovakia in Figures

2019

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Developed Infrastructure



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

Productive and Modern Industry



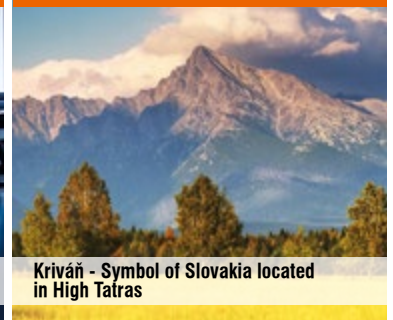
Automotive - State-of-the-art production facilities

Talented People



AeroMobil - a flying car invented and built in Slovakia

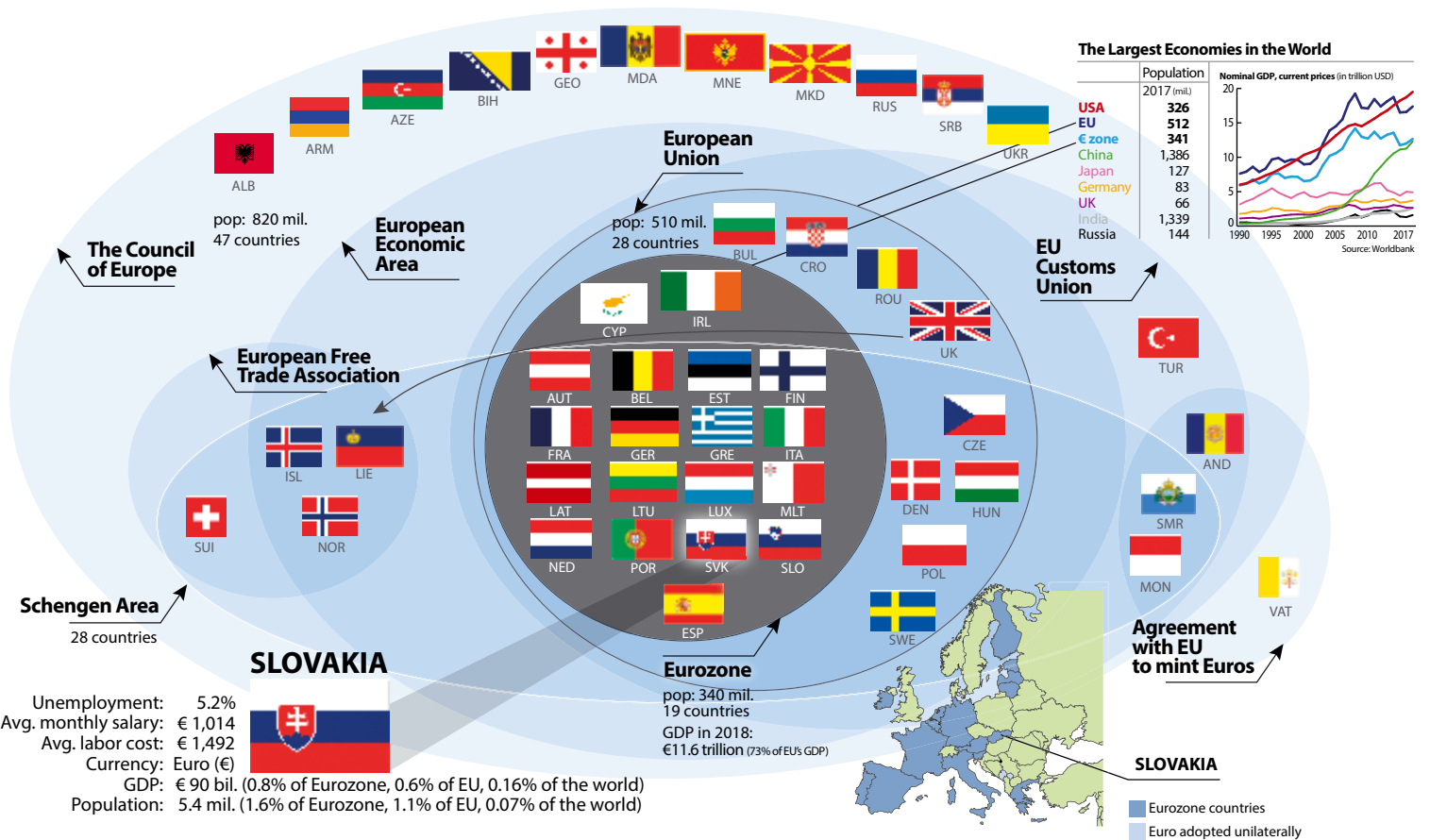
Beautiful Nature



Kriváň - Symbol of Slovakia located in High Tatras

Slovakia - The Best Deal in Europe!

FULLY INTEGRATED EUROPEAN COUNTRY SINCE 2009 AND A MEMBER OF NATO SINCE 2004



Convenient Location	Great Labor Value	Top Quality Production	Sophisticated Services
Only 35 minutes from Vienna Airport	Only € 1,492 average monthly labor cost	Automotive super power	Great for business service centers

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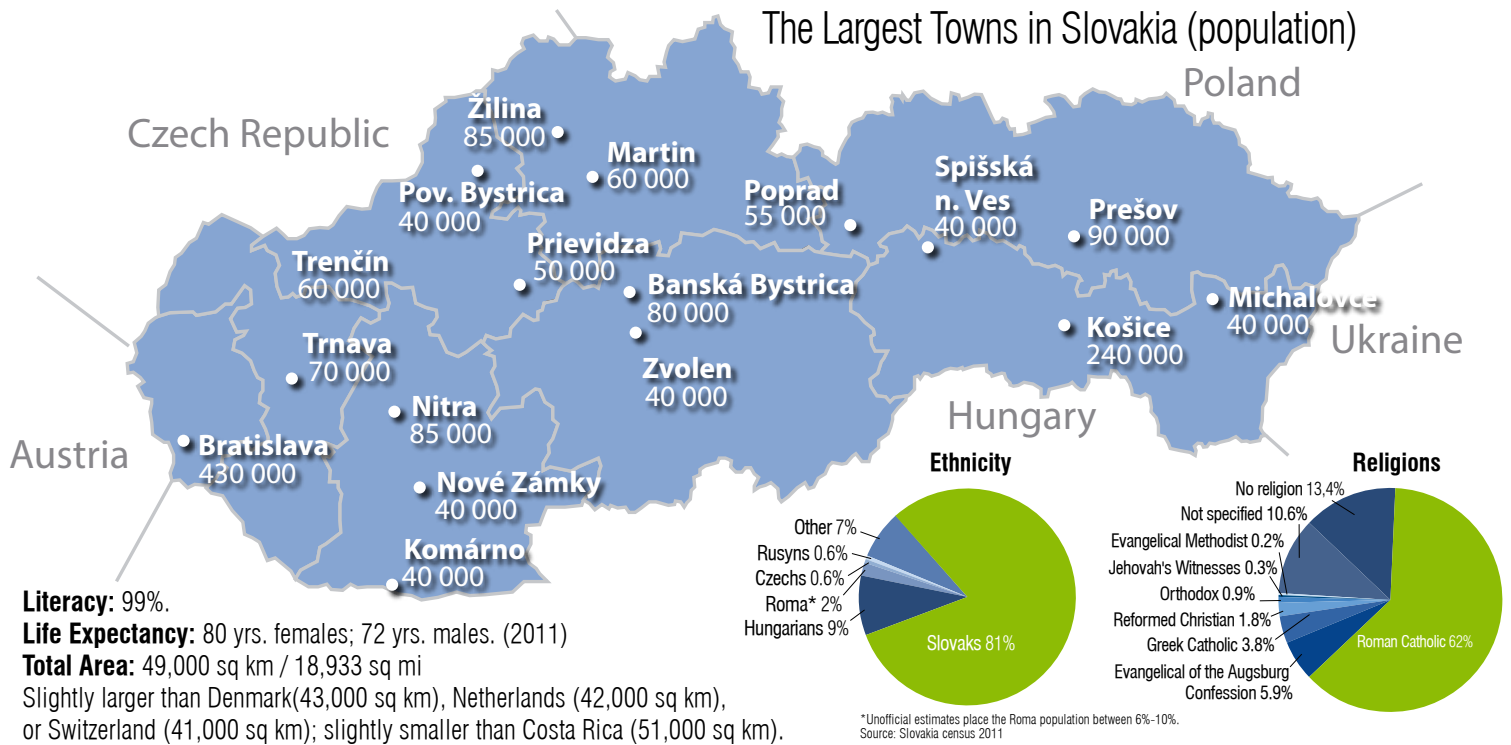
pwc

responsibility
+
commercial sense
=
sustainable business

ING



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



Politics & Ratings Higher rating than Greece, Portugal, Spain and Italy; 2nd highest in V4 region



Government
Type: Parliamentary democracy.
Independence: The Slovak Republic was established on January 1, 1993 (former Czechoslovak Republic established in 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.

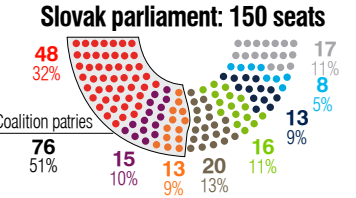
V4 - Visegrad countries: Czech Republic, Hungary, Poland and Slovakia

Political parties:
Coalition parties: Smer-SD, SNS, Most-Híd
Opposition parties: SaS, OĽaNO, ĽSNS, Sme rodina, No party affiliation

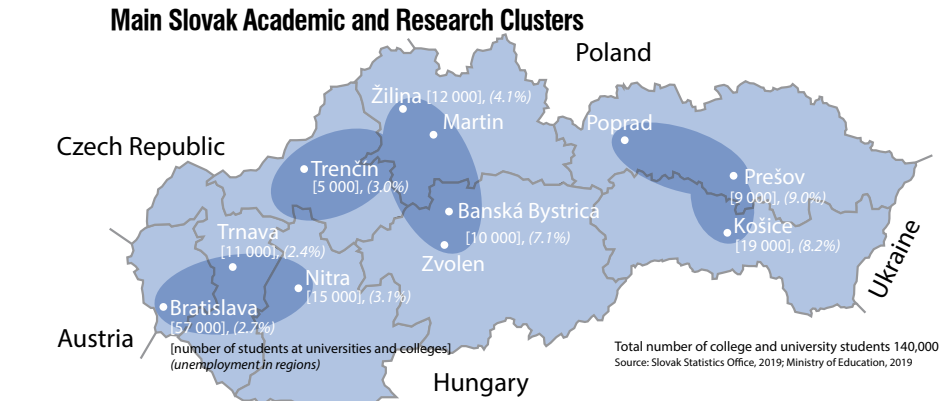
Next parliamentary elections: March, 2020

	S&P	FITCH	MOODY
SK	A+	A+	A2
HU	BBB-	BBB-	Baa3
PL	A-	A-	A2
CZ	AA-	AA-	A1
IT	BBB	BBB	Baa3
ES	A-	A-	Baa1
PT	BBB-	BBB	Baa3
GR	B+	BB-	B3

Lowest rating Highest rating
Source: <https://www.fxstreet.cz/rating-sp-moodys-a-fitch.html> October 22, 2018



Economy, R&D and Knowledge Centers High Quality Labor: a hub for ICT and shared service centers



Top 10 ICT and Shared Service Centers (Employees at Year End)

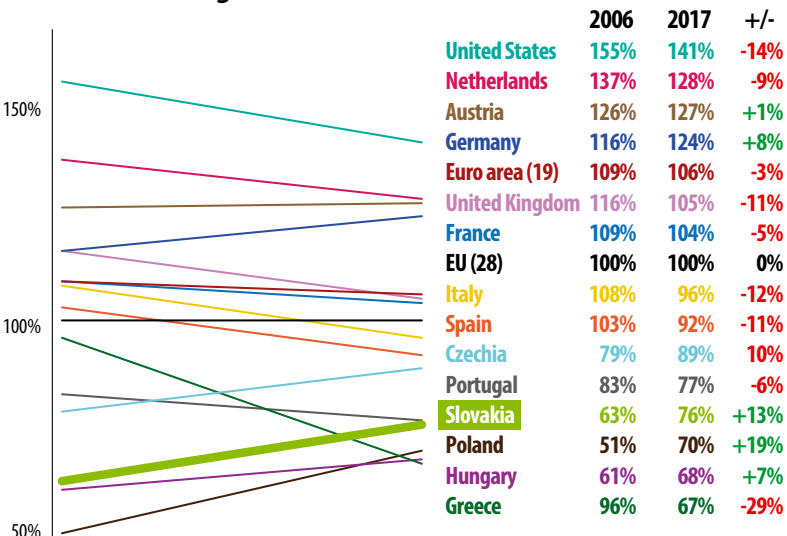
#	Company	2017	2016	2015	2014
1	IBM	5 057	5 130	4 504	4 900
2	T-systems	3 758	3 871	3 668	3 227
3	AT&T	3 577	3 412	3 026	3 078
4	Dell	1 982	1 772	1 667	1 718
5	DXC Technology Bratislava	1 244	1 475	1 497	
6	Accenture Technology	1 040	910	860	833
7	Amazon	850	850	650	576
8	Lenovo	755	760	707	603
9	Deutsche Telekom	640	487	408	381
10	Accenture, s.r.o	587	698	717	651
Total		19 490	19 365	17 704	15 967
Y/Y growth		1%	9%	11%	

Source: Trend, 2018

Labor Productivity and Export/Import

SLOVAKIA produces high quality products, mostly for Germany

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



Export/Import by countries in 2018

#	Export	(mil. €)	%	#	Import	(mil. €)	%
1	Germany	17 716	22.2	1	Germany	13 693	17.7
2	Czech Republic	9 461	11.9	2	Czech Rep.	7 923	10.2
3	Poland	6 046	7.6	3	China	4 508	5.8
4	France	5 037	6.3	4	South Korea	4 439	5.7
5	Italy	4 570	5.7	5	Poland	4 237	5.5
6	Austria	4 540	5.7	6	Russia	4 060	5.3
7	Hungary	4 423	5.5	7	Hungary	3 665	4.7
8	United Kingdom	4 166	5.2	8	Italy	2 599	3.4
9	USA	2 628	3.3	9	France	2 365	3.1
10	Spain	2 259	2.8	10	Austria	2 349	3.0
11	Romania	2 000	2.5	11	United Kingdom	1 490	1.9
12	Netherlands	1 743	2.2	15	USA	730	0.9
	Other	15 192	19.1		Other	25 269	33
	EU-28	67 947	85.2		EU-28	52 276	67.6
	Total	79 785	100.0		Total	77 326	100.0

Source: Ministry of Economy, 2019

Year	Export (mil. €)	Import (mil. €)	Trade Balance
2017	74 757	71 706	+3 051
2018	79 785	77 326	+2 459
Change	+5 028	+5 620	-592

Source: Ministry of Economy, 2019

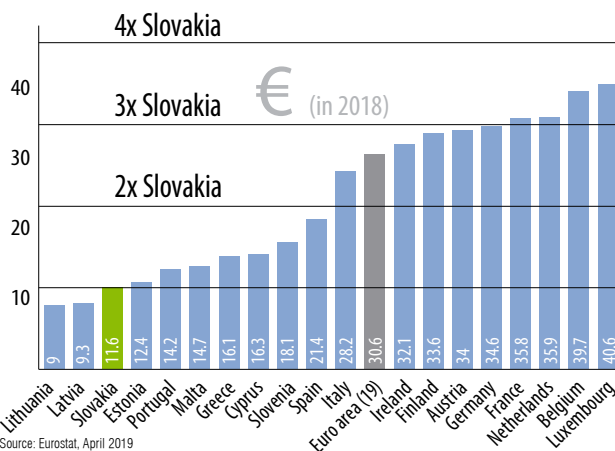
Labor Market

SLOVAKIA offers the third lowest labor cost in Europe and advantageous labor laws

Unemployment rate (5.2%) and number of unemployed people in regions (Feb 2019)



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



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

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%	90%	225 Mbps	50 Mbps
Slovak Telekom	99%	89%	877 Mbps	75 Mbps
O2	98%	91%	73 Mbps	23 Mbps
4ka	99.8%	71%	73 Mbps	23 Mbps

Source: Orange, Slovak Telekom, O2, 4ka

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

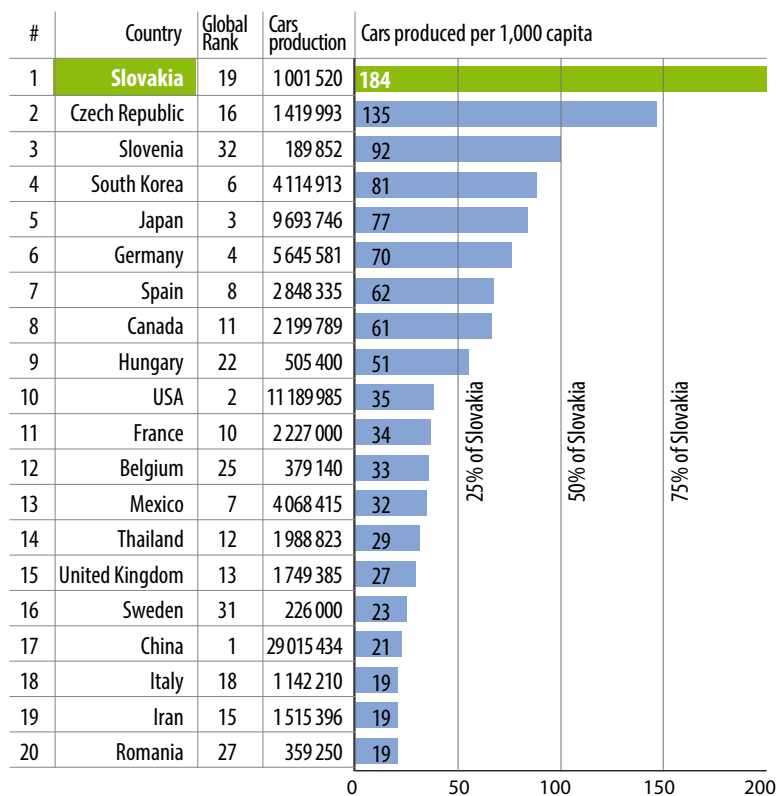


Top Quality Work

SLOVAKIA - global leader in cars produced per capita

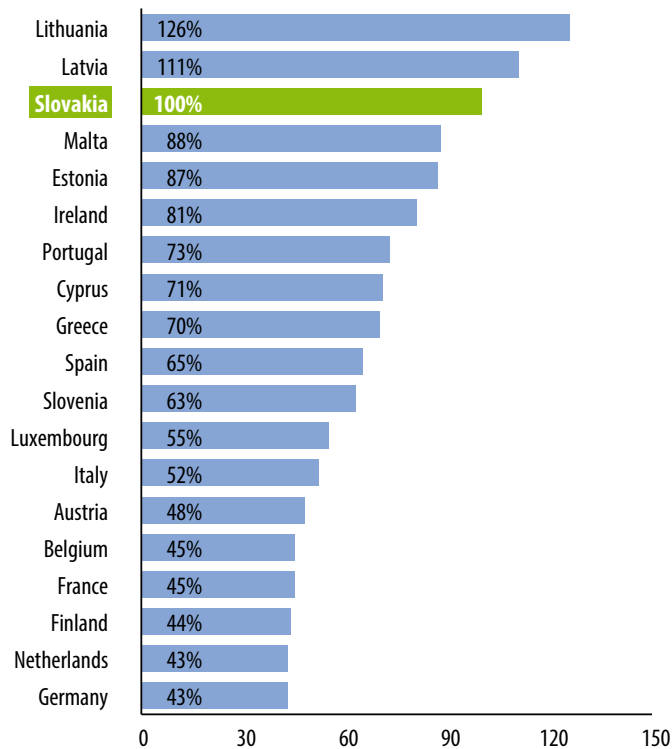
Cars produced per 1,000 inhabitants in 2017

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



Source: www.oica.net/category/production-statistics/ (April 11, 2019)

Labor effectiveness in Euro area in 2017 compared to Slovakia's Index (Slovakia = 100%)

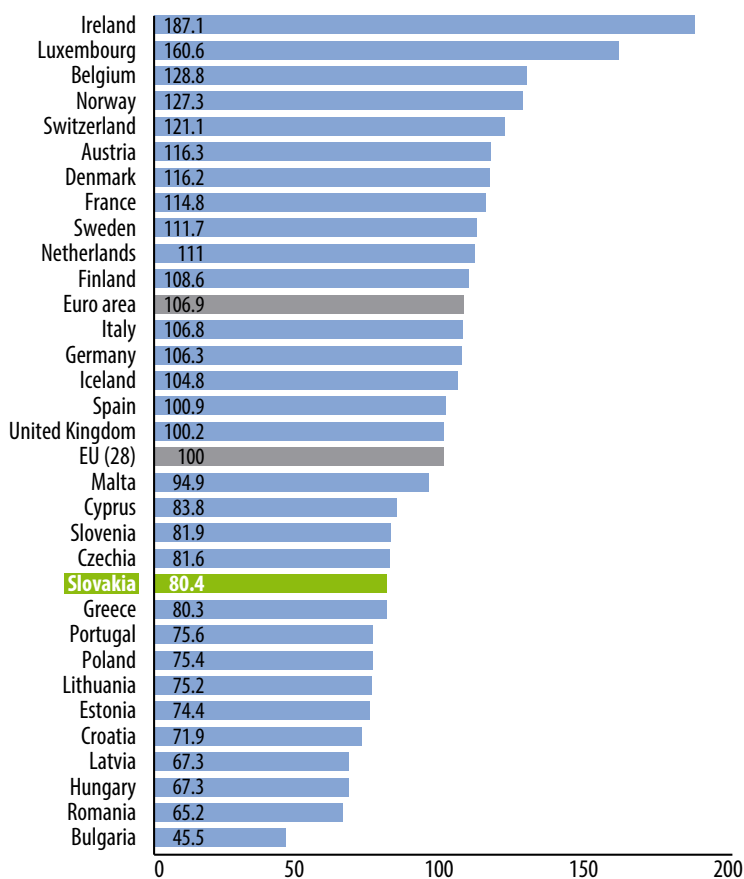


Source: Eurostat, Apr. 2019, calculations by ECENTER

Labor Productivity and Cost

High labor productivity at advantageous cost

Labor productivity per person employed in 2017; Index (EU28=100)



Source: Eurostat, 2019

Labor cost in Slovakia in various industries in 2017 (€)

Indicator	Basic (tariff wages and salaries *)	Total labour costs	Direct labour costs	Indirect labour costs
Slovak Republic (Average)	728	1 492	1 083	411
Agriculture, forestry and fishing (A)	591	1 190	861	329
Mining and quarrying (B)	742	1 692	1 203	488
Manufacturing (C)	698	1 539	1 110	429
Electricity, gas, steam and air conditioning supply (D)	996	2 402	1 683	719
Water supply; sewerage, waste management and remediation activities (E)	612	1 334	970	388
Construction (F)	658	1 328	971	357
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	701	1 431	1 048	384
Transportation and storage (H)	636	1 340	969	382
Accommodation and food service activities (I)	512	907	666	241
Information and communication (J)	1 315	2 654	1 917	737
Financial and insurance activities (K)	1 217	2 627	1 877	750
Real estate activities (L)	793	1 580	1 152	429
Professional, scientific and technical activities (M)	1 003	1 901	1 402	500
Administrative and support service activities (N)	556	1 090	801	291
Public administration and defence; compulsory social security (O)	721	1 460	1 050	410
Education (P)	703	1 344	978	366
Human health and social work activities (Q)	789	1 478	1 084	394
Arts, entertainment and recreation (R)	574	1 170	864	307
Other service activities (S)	545	974	731	265

Source: Statistics.sk, 2019

	Indicator (Slovakia, if not mentioned otherwise)	in	2013	2014	Real 2015	2016	2017	Forecast 2018	2019	2020	2021	2022
GDP Related	GDP in current prices	bil. €	74.2	75.9	78.7	81.2	84.9	90.6	96.7	102.7	108.5	113.8
	Slovak Republic*	%	1.5	2.8	3.9	3.3	3.4	3.9	4.1	3.8	3.7	3.5
	Czech Republic*	%	-0.5	2.7	5.3	2.5	4.3	3.1	3	2.5	2.5	2.5
	Germany*	%	0.6	2.2	1.5	2.2	2.5	1.9	1.9	1.6	1.5	1.3
	Euro area*		-0.2	1.4	2.1	1.9	2.4	2	1.9	1.7	1.6	1.5
	European Union*	%	0.3	1.9	2.4	2	2.7	2.2	2	1.8	1.7	1.7
	United States*	%	1.8	2.5	2.9	1.6	2.2	2.9	2.5	1.8	1.7	1.5
	World*	%	3.5	3.6	3.5	3.3	3.7	3.7	3.7	3.7	3.6	3.6
	Household consumption real growth	%	0.5	1.3	2.1	2.5	4.9	5.5	6.0	5.3	4.7	4.1
	Government consumption real growth	%	3.2	5.6	6.1	2.9	5.0	5.6	6.2	6.0	3.9	3.9
	CPI Growth (Consumer Price Index - Inflation)	%	1.4	-0.1	-0.3	-0.5	1.3	2.5	2.6	2.4	2.4	2.4
	Account Balance (as a % of GDP)	%	1.9	1.1	-1.7	-2.2	-2.0	-2.6	-2.0	-1.5	-1.1	-1.0
Labor Related	Creation of Gross fixed capital (real growth)	%	-0.9	3.0	21.9	-9.4	3.4	7.0	1.9	2.9	3.1	3.6
	Average monthly salary real growth	%	1.0	4.2	3.3	3.8	3.3	3.7	4.0	3.8	2.9	2.0
	Salaries as % of GDP	%	29.0	29.9	30.3	31.1	31.7	32.2	32.5	32.8	32.9	32.9
	Average Nominal Monthly Salary	€	824	858	883	912	954	1014	1082	1150	1211	1265
	Average Nominal Monthly Salary Growth (€ 1014 in 2018)	%	2.4	4.1	2.9	3.3	4.6	6.3	6.7	6.3	5.3	4.5
	Private Sector (€ 941 in 2017)	%	2.0	4.0	2.8	2.6	4.6	6.2	6.2	5.7	5.3	4.4
	Public Sector (€ 1005 in 2017)	%	3.5	4.6	3.3	5.6	5.0	6.6	8.5	8.4	5.4	4.8
	Labor Productivity (real growth)	%	2.3	1.1	1.8	0.7	1.0	2.3	2.9	2.9	2.6	2.0
	Unit labour cost	%	0.3	0.7	1.3	1.3	4.2	3.2	3.7	3.3	2.6	2.4
	Employment	1,000 ppl	2 176	2 205	2 252	2 492	2 531	2 562	2 576	2 587	2 593	2 597
	Employment: average growth	%	-0.7	1.3	2.1	2.5	1.8	1.9	1.1	0.8	0.6	0.5
	Unemployment rate	%	14.1	12.8	11.5	9.6	8.1	6.6	6.0	5.6	5.5	5.3
Trade & Finance	Export /products and services/ (real growth)	%	6.7	3.9	6.0	5.5	5.9	4.9	6.9	6.1	5.2	4.1
	Import /products and services/ (real growth)	%	5.6	4.8	8.0	3.4	5.3	4.8	5.9	5.3	4.5	3.8
	International Trade	bil. €	5.0	4.6	3.5	5.2	5.9	6.2	7.5	8.6	9.7	10.4
	Exchange rate (Eur/USD)	USD to €	1.37	1.23	1.09	1.05	1.18	1.14	1.20	1.25	1.26	1.29
	Exchange rate end of year JPY/EUR	JPY to €	142.0	147.0	132.5	122.3	133.7	127.6	130.0	131.0	133.0	133.0
	Exchange rate end of year CHF/EUR	CHF to €	1.22	1.20	1.08	1.07	1.17	1.13	1.15	1.19	1.20	1.23
	Exchange rate end of year CZK/EUR	CZK to €	26.73	27.25	26.94	27.03	25.66	25.84	25.40	25.00	24.40	24.40
	Euribor (3 month average)	%	0.2	0.21	-0.02	-0.26	-0.33	-0.32	-0.28	-0.02	0.21	0.47
	Slovak 10-year bonds yield (average)	%	2.6	2.2	0.9	0.6	0.98	0.97	1.20	1.71	2.06	2.31
	GDP Growth Deflators	%	0.5	-0.2	-0.2	-0.5	1.2	2.3	2.6	2.4	2.4	2.4
	Crude oil (average price)	€/bl	81.9	74.6	48.3	40.7	48.6	60.6	51.7	49.8	48.5	47.9
	ECB Key Interest Rate	%	0.5	0.16	0.05	0.01	0.00	0.00	0.02	0.29	0.50	0.75
	Savings Interest Rates	%	0.99	0.77	0.58	0.42	0.27	0.21	0.17	0.17	0.18	0.19
	Disposable income (in current prices)	%	0.0	2.6	4.1	2.6	2.8	3.3	2.9	2.8	2.1	1.6
	Deposits	(bil. €)	43.2	45.2	48.4	52.1	54.8	58.0	61.5	65.9	70.3	74.4
	EU Funds	(mil. €)	1983	2223	4241	1610	1881	2169	2465	2591	2837	3261
	- in public sector	(mil. €)	1167	1283	2729	716	708	1040	1090	1137	1299	1691
	- in private sector	(mil. €)	816	940	1511	895	1173	1129	1375	1454	1537	1570
	Sole proprietors	1 000	362	364	367	384	386	377	382	383	384	385

Source: Ministry of Finance of the Slovak Republic, Jan 2019, *IMF, Apr. 5, 2019

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% (participation exemption possible upon meeting specific conditions)

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).
- Withholding tax rate may be reduced by an applicable Double Tax Treaty or EU Directive, the beneficial ownership should be proved to apply such benefit.
- 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 capitalization rules do not permit tax deduction of 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 intra-group transfers and statutory documentation requirements are in place.

Patent box:

- Tax exemption of 50% of income from intangibles (e.g. patent, software) created by a Slovak taxpayer; and 50% of certain part

of income from selling goods manufactured on the basis of a protected patent or a utility model.

- R&D super-deduction: Taxpayers involved in R&D are entitled for an extra deduction of at least 100% of qualifying R&D costs and expenses from their tax base.

Personal Income:

- Personal Income tax: 19% and 25% if the annual tax base is more than EUR 36,256.38.
- Capital gains tax for individuals: 19% (exemption for listed shares may apply)

VAT (Value Added Tax):

- 20% - almost all products and services, 10% - textbooks, most healthcare related products and services, specific basic food items and certain financial, insurance and accommodation services
- Real estate tax 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, liquors, beer, wine, tobacco products, electricity, coal and natural gas.
- Real estate tax covers land tax, tax on apartments and non-residential premises in apartment buildings, and tax on buildings.
- Land tax is assessed by the municipality and its rates vary depending on the type of land and its location.
- Rate of tax on apartments and non-residential premises and tax on buildings depends on the municipality. Final tax is

calculated with reference to floor area and other physical attributes of the property.

- 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 and on retail chains, insurance tax on non-life insurance if the risk is located in Slovakia).

Stimulus laws:

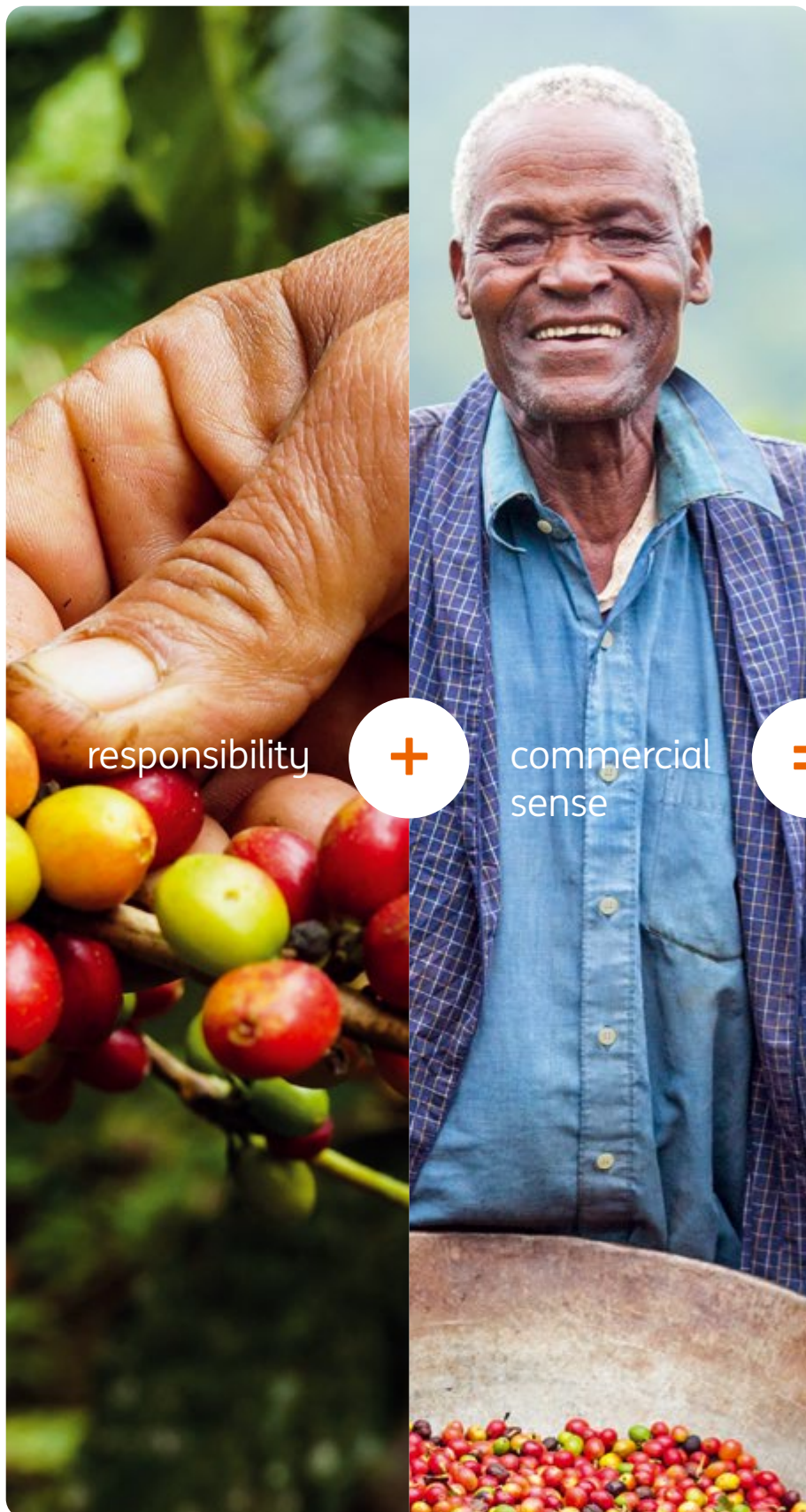
- Act No. 57/2018 on regional investment aid
- Act No. 595/2003 Coll. on income tax, as amended
- Act No. 5/2004 Coll. on employment services, as amended
- Act No. 358/2015 Coll. on adjustment of some relations in the field of state aid and de minimis aid and amendment to certain acts (State Aid Act)
- Regulation 195/2018 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 20 percentage points for small enterprises or by 10 percentage points for medium sized enterprises.

Source: PwC, www.pwc.com/sk



responsibility



commercial
sense



sustainable
business

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