

Slovakia in Figures

2020

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ECENTER
www.ecenter.net



Modern Infrastructure



Europea - newly developed area at the bank of Danube River in Bratislava

Productive and Modern Industry



Automotive - State-of-the-art production facilities

Talented People



AeroMobil - a flying car invented and built in Slovakia

Beautiful Nature

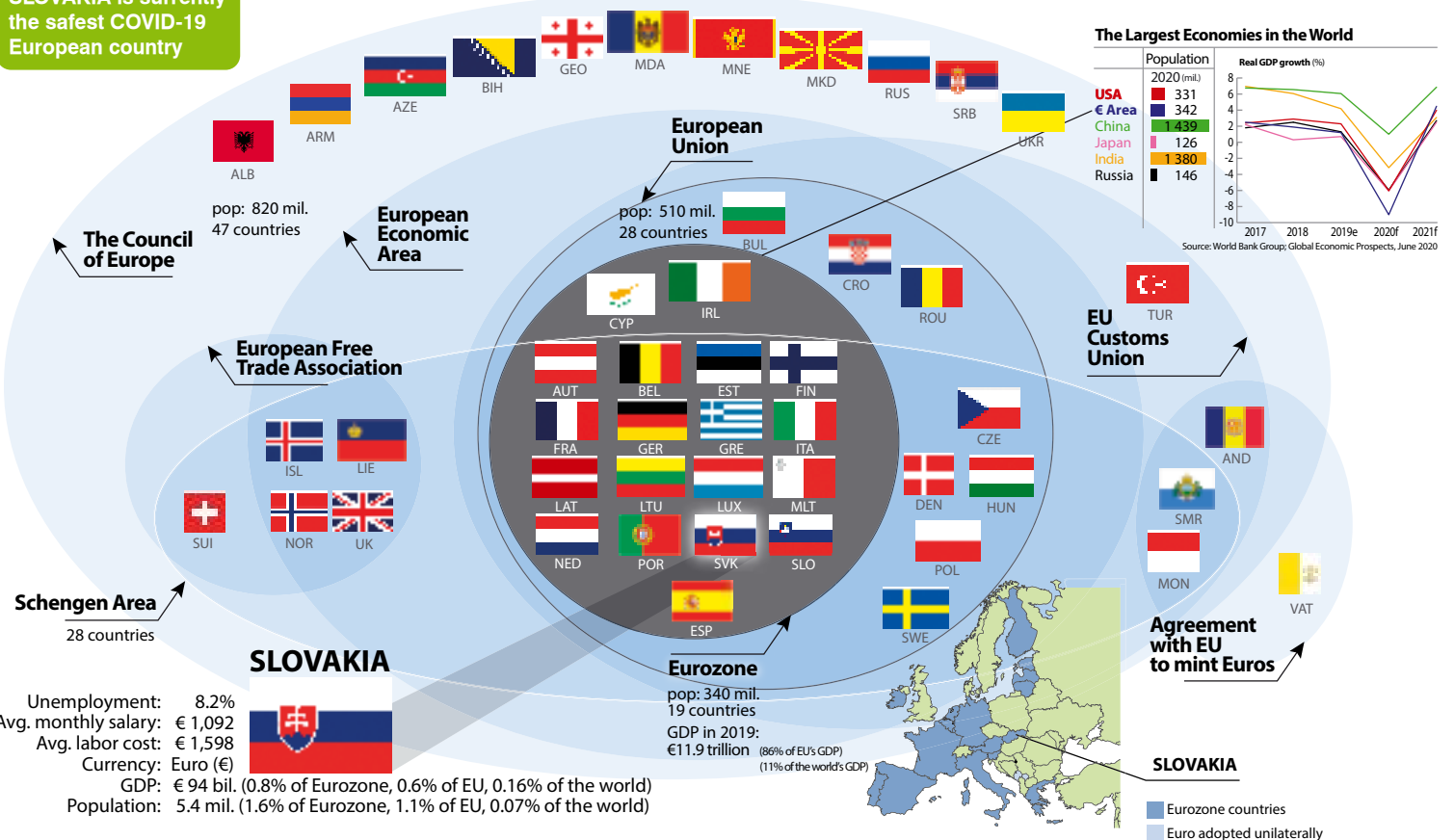


Chopok / Jasná - The most popular skiing resort in Slovakia

Slovakia - The Best Deal in Europe!

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

SLOVAKIA is currently the safest COVID-19 European country



Convenient Location	Great Labor Value	Top Quality Production	Sophisticated Services
Only 35 minutes from Vienna Airport	Only € 1,598 average monthly labor cost	Automotive super power	Great for business service centers

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helps clients achieve outstanding results

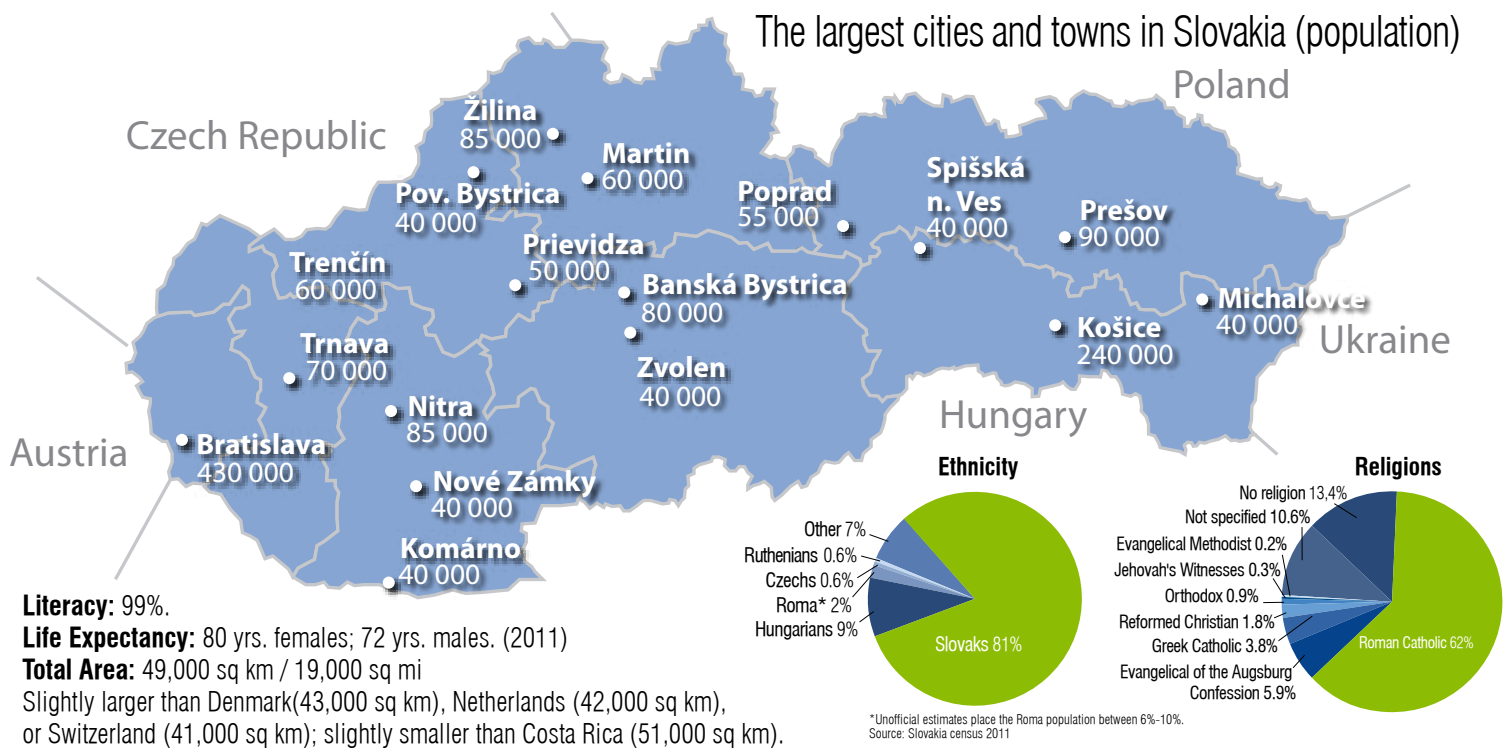
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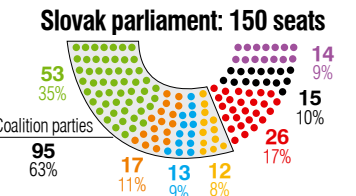
Patrol Slovakia
www.patrolslovakia.sk



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.

Political parties:
Coalition parties: • OĽaNO, • Sme rodina, • SaS, • ZA ĽUDÍ
Opposition parties: • Smer-SD, • Independent, • LSNS
Next parliamentary elections: 2024

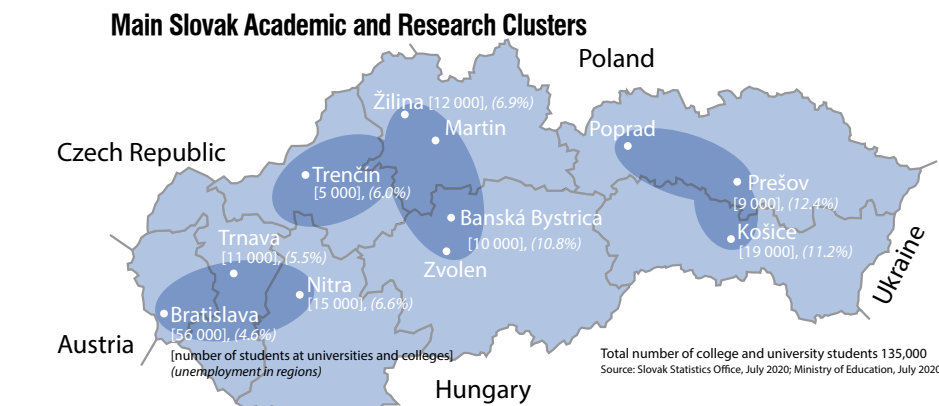
V4 - Visegrad countries: Czech Republic, Hungary, Poland and Slovakia

Countries Ratings (Jul 21, 2020)			
	S&P	FITCH	MOODY
CZ	AA-	AA-	Aa3
SK	A+	A	A2
PL	A-	A-	A2
ES	A	A-	Baa1
IT	BBB	BBB-	Baa3
PT	BBB	BBB	Baa3
HU	BBB	BBB-	Baa3
GR	BB-	BB	B1

Lowest rating Highest rating
Source: Trading Economics, July 21, 2020

Suffrage: Universal at 18 years.
Administrative divisions:
8 administrative regions, 79 districts.

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	2018	2017	2016
1	IBM	4 941	5 057	5 065
2	Deutsche Telekom IT Solutions Slovakia	3 853	3 758	3 871
3	AT&T	3 800	3 577	3 412
4	Dell	2 328	1 982	1 772
5	DXC Technology	1 996	1 475*	1 497*
6	Johnson Controls International	1 613	1 439	1 180
7	Henkel	1 510	1 443	1 414
8	Swiss Re	1 500*	1 446	1 279
9	Accenture	1 055	1 040	910
10	Siemens	1 006	976	799
Total		25 620	24 210	23 215
Growth		6%	4%	

Source: Trend, 2020; * is estimated

Labor cost and Export/Import

SLOVAKIA produces high quality products, mostly for Germany

Labor cost in Slovakia in various industries in 2018 (€)

Indicator	Total labor costs	Direct labor costs	Indirect labor costs	Basic (tariff) wages and salaries
Slovak Republic (Average)	1 598	1 162	437	773
Agriculture, forestry and fishing (A)	1 283	927	356	632
Mining and quarrying (B)	1 672	1 266	518	748
Manufacturing (C)	1 784	1 194	458	743
Electricity, gas, steam and air cond. supply (D)	2 494	1 755	739	1 021
Water supply; sewage, waste mgnt and remed. act. (E)	1 416	1 041	398	644
Construction (F)	1 406	1 027	378	725
Wholesale and retail trade; motor vehicles repair (G)	1 558	1 144	415	762
Transportation and storage (H)	1 434	1 037	408	677
Accommodation and food service activities (I)	960	707	253	543
Information and communication (J)	2 844	2 085	759	1 379
Financial and insurance activities (K)	2 777	1 998	779	1 291
Real estate activities (L)	1 588	1 151	437	805
Professional, scientific and technical activities (M)	2 010	1 474	536	1 071
Administrative and support service activities (N)	1 167	854	314	593
Public admin. and defence; compulsory soc. sec. (O)	1 570	1 128	442	745
Education (P)	1 411	1 029	383	728
Human health and social work activities (Q)	1 575	1 157	418	825
Arts, entertainment and recreation (R)	1 289	942	348	622
Other service activities (S)	1 052	792	288	584

Source: Statistics.sk, July, 2020

Export/Import by countries in 2019

#	Export	(mil. €)	%	#	Import	(mil. €)	%
1	Germany	17 946	22.3	1	Germany	12 826	16.2
2	Czech Republic	8 852	11.0	2	Czech Rep.	7 983	10.1
3	Poland	6 016	7.5	3	China	5 018	6.3
4	France	5 659	7.0	4	Poland	4 525	5.7
5	Hungary	5 094	6.3	5	Russia	4 455	5.6
6	Austria	4 497	5.6	6	South Korea	4 274	5.4
7	United Kingdom	3 963	4.9	7	Hungary	4 135	5.2
8	Italy	3 739	4.6	8	Vietnam	4 055	5.1
9	USA	2 519	3.1	9	France	2 776	3.5
10	Spain	2 262	2.8	10	Italy	2 691	3.4
11	Romania	2 068	2.6	11	Austria	2 534	3.2
12	China	1 697	2.1	15	Romania	1 287	1.6
	Other	16 150	20.1		Other	22 803	28.7
	EU-28	67 856	84.3		EU-28	53 286	67.1
	Total	80 459	100.0		Total	79 362	100.0

Source: Ministry of Economy, July 2020

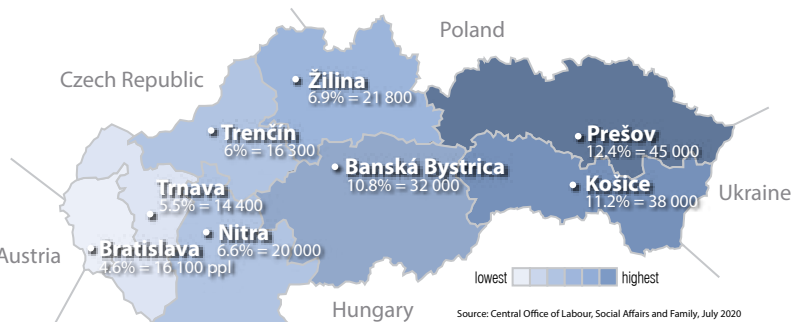
Year	Export (mil. €)	Import (mil. €)	Trade Balance
2018	79 785	77 326	2 459
2019	80 460	79 326	1 133
Change	+675	+2 000	

Source: Ministry of Economy, July 2020

Labor Market

SLOVAKIA offers the third lowest labor cost in Europe

Unemployment rate (8.2%) and number of unemployed people (204 000) in regions (Jun 2020)



Source: Central Office of Labour, Social Affairs and Family, July 2020

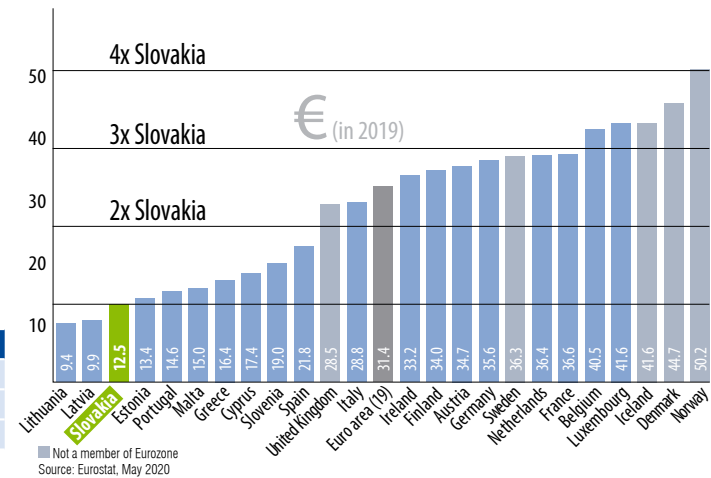
National Holidays: 15 days

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

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

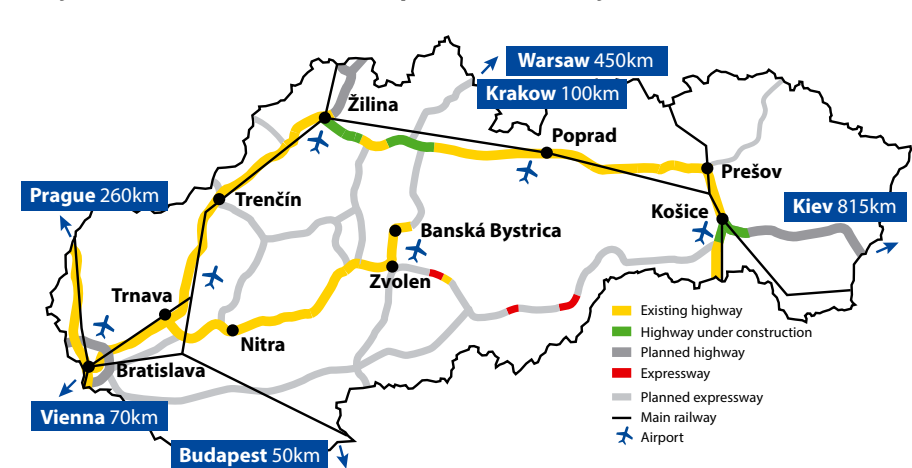


Source: Eurostat, May 2020

Logistics & ICT Infrastructure

Modern and developed infrastructure

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



Direct flights to over 260 destinations 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%	96%	300 Mbps	75 Mbps
Slovak Telekom	99%	94.6%	870 Mbps	75 Mbps
O2	99.7%	97.4%	73 Mbps	23 Mbps
4ka	99.8%	78%	90 Mbps	30 Mbps

Source: Orange, Slovak Telekom, O2, 4ka

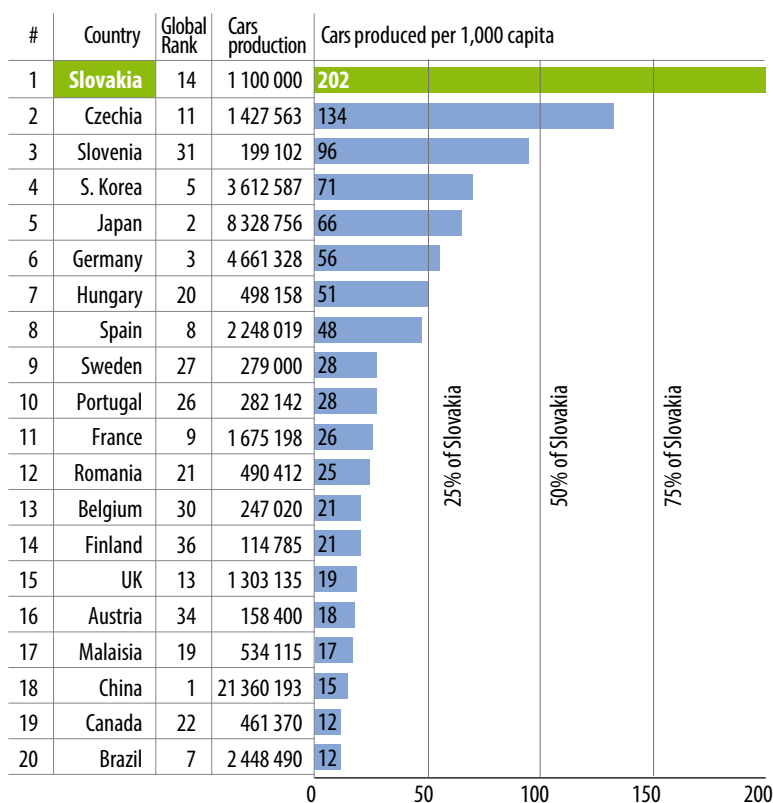
Various options of high-speed Internet are available through landlines and satellite operators including FTTH (fiber-to-the-home).



Top Quality Work

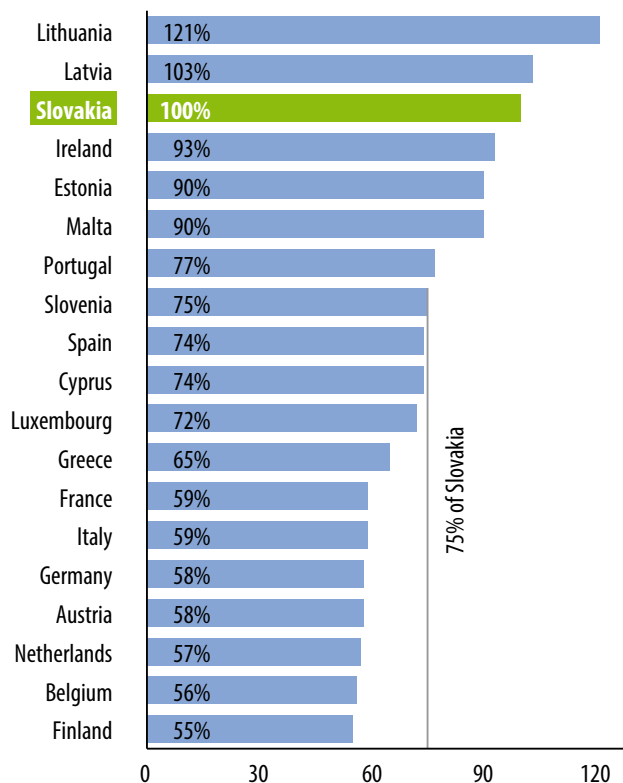
SLOVAKIA - Global leader in cars produced by capita

Cars produced per 1,000 inhabitants in 2019



Source: Oica, June 5, 2020
Audi, BMW, JLR, Mercedes are not reported; JLR has manufacturing facility in Slovakia

Labor effectiveness in Euro area in 2019 compared to Slovakia's Index (Slovakia = 100%)



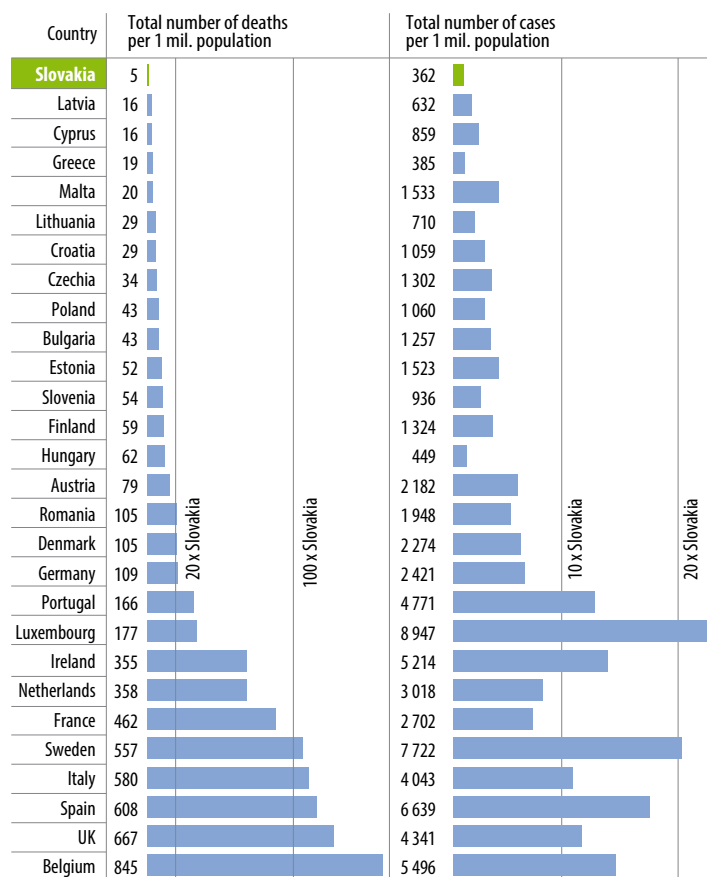
Source: Eurostat, July 2020 calculations by ECENTER

COVID-19 Deaths and Cases

Slovakia has outstanding Project Management, but also smart and disciplined people

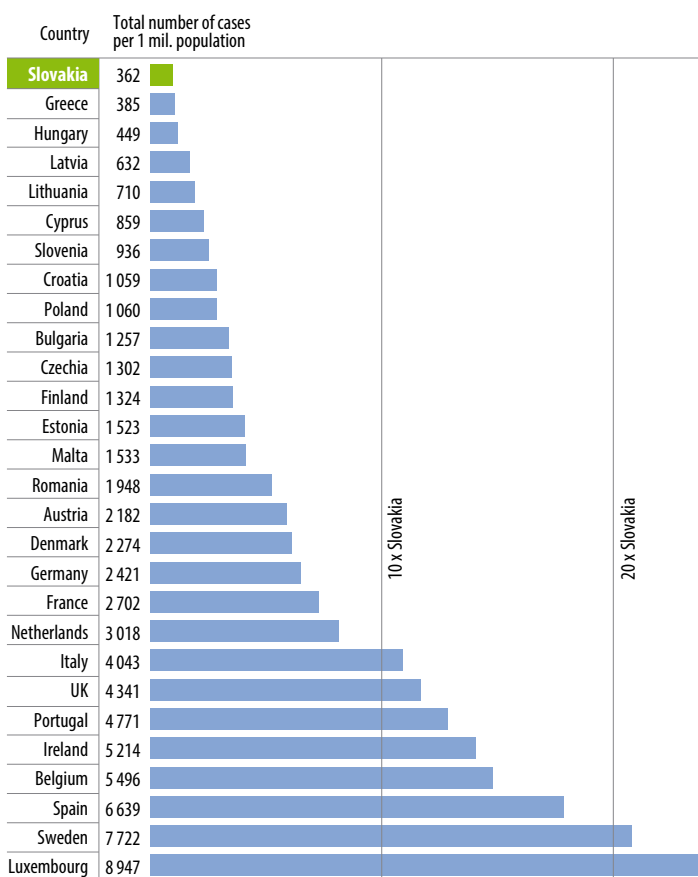
Slovakia has been the safest COVID-19 country in Europe since April 2020 till publication (July 28, 2020).

COVID-19 Deaths and Cases



Source: Worldometers, July 21st, 2020

COVID-19 Cases



Source: Worldometers, July 21st, 2020

	Indicator (Slovakia, if not mentioned otherwise)	in	2014	2015	Real 2016	2017	2018	2019	Forecast 2020	2021	2022	2023
GDP Related	GDP in current prices	bil. €	76.3	79.8	81.0	84.5	89.6	94.2	86.5	93.5	96.6	100.9
	Slovak Republic	%	2.8	4.8	2.1	3.0	3.9	2.4	-9.8	7.6	1.8	3.5
	Czech Republic*	%	2.7	5.3	2.5	4.4	2.8	2.6	-6.5	7.5	N/A	N/A
	Germany*	%	2.2	1.7	2.2	2.5	1.5	0.6	-7.0	5.2	N/A	N/A
	Euro area*	%	1.4	2.1	1.9	2.5	1.9	1.2	-7.5	4.7	N/A	N/A
	European Union*	%	1.7	2.5	2.2	2.9	2.3	1.7	-7.1	4.8	N/A	N/A
	USA*	%	2.5	2.9	1.6	2.4	2.9	2.3	-5.9	4.7	N/A	N/A
	China*	%	7.3	6.9	6.8	6.9	6.7	6.1	1.2	9.2	N/A	N/A
	World*	%	3.6	3.5	3.4	3.9	3.6	2.9	-3.0	5.8	N/A	N/A
	Household consumption real growth	%	1.9	2.8	3.9	4.5	4.2	2.1	-7.0	5.4	1.4	2.4
	Government consumption real growth	%	4.7	6.1	3.2	4.3	4.5	10.5	7.0	-0.3	2.2	4.2
	CPI Growth (Consumer Price Index - Inflation)	%	-0.1	-0.3	-0.5	1.3	2.5	2.7	1.8	0.3	1.3	1.0
	Account Balance (as a % of GDP)	%	1.1	-2.1	-2.7	-1.9	-2.6	-2.9	-4.7	-2.5	-0.8	0.1
	Creation of Gross fixed capital (real growth)	%	2.8	21.6	-9.3	3.9	3.7	4.4	-20.3	17.0	5.2	5.8
Labor Related	Average monthly salary real growth	%	4.2	3.3	3.8	3.3	3.6	5.0	0.2	2.7	2.3	3.2
	Salaries as % of GDP	%	29.8	29.9	31.2	31.8	32.5	33.6	36.4	35.0	35.2	35.1
	Average Nominal Monthly Salary	€	858	883	912	954	1 013	1 092	1 114	1 148	1 189	1 239
	Average Nominal Monthly Salary Growth (€ 1,092 in 2019)	%	4.1	2.9	3.3	4.6	6.2	7.8	2.0	3.1	3.6	4.2
	Private Sector (€ 1,061 in 2019)	%	3.9	2.8	2.6	4.6	6.1	6.3	0.6	3.6	3.9	4.4
	Public Sector (€ 1,216 in 2019)	%	4.7	3.3	5.6	5.0	6.7	13.4	6.1	1.9	2.5	3.6
	Labor Productivity (real growth)	%	1.3	2.8	-0.3	0.8	1.9	1.1	-7.0	6.7	1.5	3.4
	Unit labour cost	%	0.7	0.9	2.5	4.5	3.9	5.9	9.1	-3.6	2.0	0.8
	Employment	1,000 ppl	2 363	2 424	2 492	2 531	2 567	2 584	2 493	2 514	2 520	2 521
	Employment: average growth	%	1.5	2.6	2.8	1.5	1.4	0.7	-3.5	0.9	0.2	0.1
	Unemployment rate	%	13.2	11.5	9.6	8.1	6.5	5.8	8.2	7.4	7.2	7.1
Trade & Finance	Export /products and services/ (real growth)	%	3.9	6.0	5.5	5.9	5.3	1.7	-19.1	16.5	6.4	5.0
	Import /products and services/ (real growth)	%	4.8	8.0	3.4	5.3	4.9	2.6	-16.6	12.6	4.5	4.1
	Exchange rate (Eur/USD)	USD to €	1.23	1.09	1.05	1.18	1.14	1.11	1.12	1.16	1.19	1.20
	Exchange rate end of year JPY/EUR	JPY to €	147.0	132.5	122.3	133.7	127.6	121.3	120.0	125.0	127.0	132.0
	Exchange rate end of year CHF/EUR	CHF to €	1.20	1.08	1.07	1.17	1.13	1.09	1.08	1.10	1.13	1.15
	Exchange rate end of year CZK/EUR	CZK to €	27.63	27.03	27.03	25.66	25.84	25.49	26.50	25.40	25.30	24.80
	Euribor (3 month average)	%	0.21	-0.02	-0.26	-0.33	-0.32	-0.36	-0.37	-0.41	-0.37	-0.33
	Slovak 10-year bonds yield (average)	%	2.17	0.91	0.58	0.98	0.97	0.32	0.51	1.15	1.62	1.95
	GDP Growth Deflators	%	-0.2	-0.2	-0.5	1.2	2.0	2.6	1.9	0.4	1.5	1.0
	Crude oil (average price)	€/bl	74.58	48.31	40.73	48.57	60.63	57.33	35.86	36.38	38.00	39.63
	ECB Key Interest Rate	%	0.16	0.05	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.04
	Savings Interest Rates	%	0.77	0.58	0.42	0.27	0.21	0.18	0.14	0.13	0.13	0.13
	Disposable income (in current prices)	%	2.2	4.8	3.8	3.9	5.1	1.8	0.7	0.7	0.3	2.2
	Deposits	(bil. €)	44.8	47.3	51.3	54.1	57.3	60.3	60.9	65.4	68.0	70.6
	EU Funds	(mil. €)	2 223	4 241	1 610	1 897	2 234	2 148	3 192	2 275	2 455	3 501
	- in public sector	(mil. €)	1 283	2 729	716	721	1 122	983	1 409	1 069	1 228	2 171
	- in private sector	(mil. €)	940	1 511	895	1 176	1 112	1 165	1 783	1 206	1 227	1 329
	Sole proprietors	1 000	364	367	384	386	379	389	372	376	378	375

Source: Ministry of Finance of the Slovak Republic, July 2020, *IMF, July, 2020

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%, 15% for taxpayers (including individual entrepreneurs) with income (revenues) of less than EUR 100,000. Capital gains tax for corporate entities: 21% (participation exemption possible if specific conditions met)

Withholding tax:

- * Interest, royalties: 19% (35% withholding tax may apply to payments to jurisdictions where no double tax treaty or tax information exchange agreement with Slovakia exists, or to noncooperative jurisdictions on the EU blacklist).
- * Withholding tax rate may be reduced by an applicable Double Tax Treaty or EU Directive, the beneficial ownership must 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 loans 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.

R&D super-deduction and patent box:

- * Tax exemption of 50% of income from intangibles (e.g. patent, software) created by a Slovak taxpayer; and 50% of part of income from selling goods manufactured on the basis of a protected patent or a utility model.
- * R&D super-deduction: Taxpayers undertaking R&D are entitled to an extra deduction of at least 200% of qualifying R&D costs and expenses from their tax base.

Personal Income:

- * Personal Income tax: 19% and 25% if annual tax base is more than EUR 37 163.36.
- * Capital gains tax for individuals: 19% (exemption for listed shares may apply)

Value Added Tax:

- * 20% - almost all products and services, 10% - textbooks, print media, most healthcare related products and services, specific basic and healthy food items and accommodation services
- * Registration is obligatory for entities with revenues exceeding EUR 49,790 in a period of 12 consecutive months.

Other taxes

- * Excise tax on certain types of goods: mineral oils, liqueurs, 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 municipalities and 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, bank levy, special levy in regulated industries, insurance tax on non-life insurance if risk is located in Slovakia).

Stimulus laws:

- * Act No. 57/2018 Coll. 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 certain 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%

Percentage value represents maximum level of state aid contribution per project in a specific region.

Maximum aid intensities may be increased by 20% for small enterprises and by 10% for medium-sized enterprises.

Source: PwC, www.pwc.com/sk

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