

Why SLOVAKIA

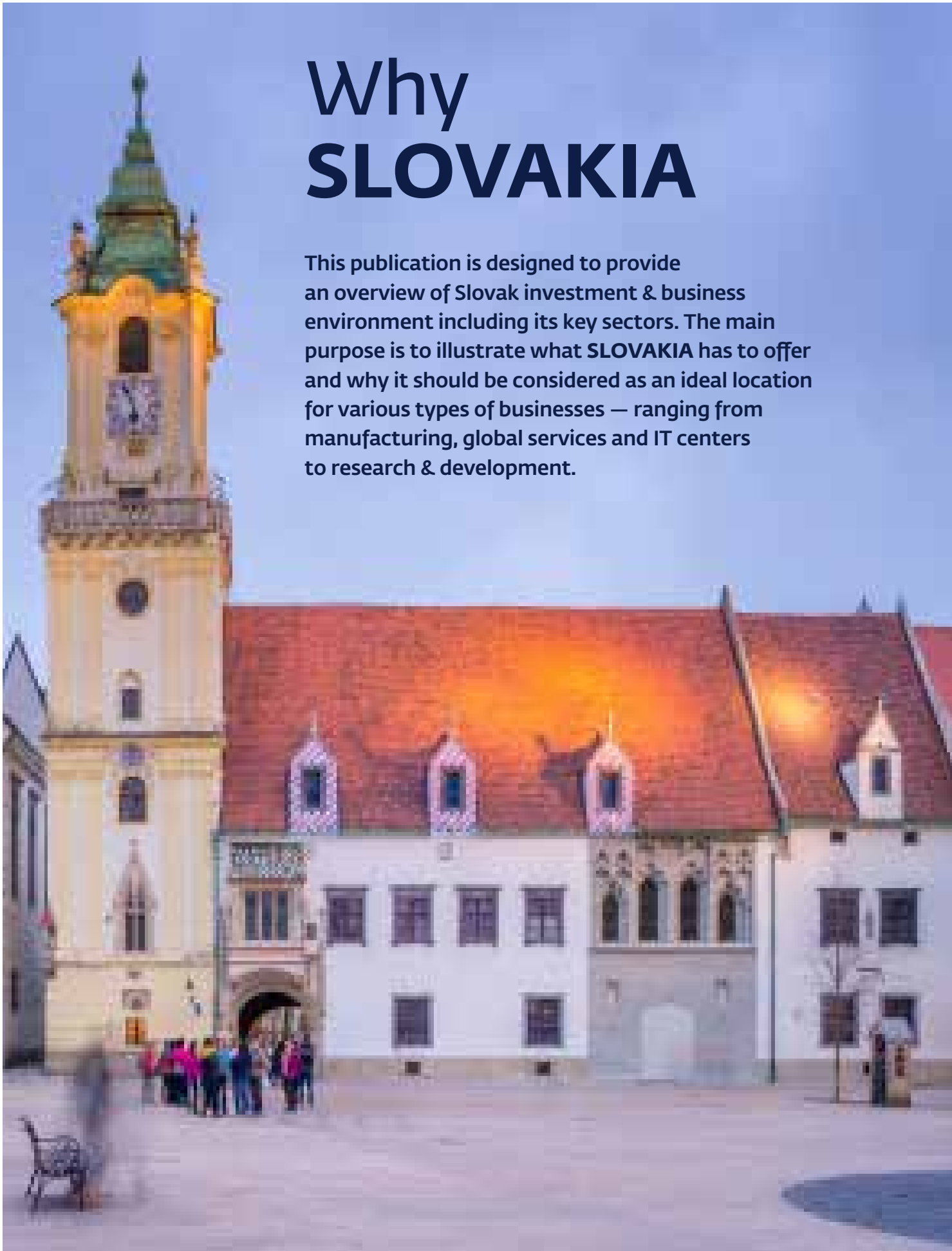


Key Facts
Why SLOVAKIA
Should Be Your
Next Investment
Destination



Why SLOVAKIA

This publication is designed to provide an overview of Slovak investment & business environment including its key sectors. The main purpose is to illustrate what **SLOVAKIA** has to offer and why it should be considered as an ideal location for various types of businesses — ranging from manufacturing, global services and IT centers to research & development.



GENERAL INFORMATION

Total Area 49,035 km²

Population 5.4 million

Capital City Bratislava

Member Of European Union, Eurozone,
Schengen Area, OECD, WTO, NATO

Time Zone GMT +1 hour

Closer Than You Think

SLOVAKIA is situated in the geographical center of Europe and is accessible from all key European economic hubs. As a fully integrated EU member, Slovakia is a part of its internal market, which means that around 500 million EU citizens can be easily accessed.



600 million
clients in radius
of 2,000 km



10 REASONS



Why to Consider **SLOVAKIA** as Your Investment Destination



SLOVAKIA offers a competitive business environment including several distinctive features, which set Slovakia apart from other CEE (Central & Eastern Europe) countries and thus represent a unique value proposition for investors.



1

LOCATION

Strategic location in the heart of Europe with great export potential

2

SAFETY & STABILITY

One of the safest and politically most stable countries in Europe

(source: Credit Insurance Group Credendo)

3

EUROZONE

A member of the Eurozone since 2009 as one of the few in Central & Eastern Europe

4

QUALIFIED WORKFORCE

Cost-effective, skilled and loyal labour force with excellent multilingual skills

5

PRODUCTIVITY

The highest labour productivity rate in Central & Eastern Europe

(source: OECD)

6

INVESTOR-FRIENDLINESS

Slovak government is continuously increasing the quality of local business & investment environment

7

INNOVATIVE ECOSYSTEM

The highest share of higher added-value jobs in CEE, ready for new investments into R&D and innovation

8

OPENESS

One of the most export oriented and open economies in the EU

(source: Eurostat)

9

DEVELOPED INFRASTRUCTURE

Developed and steadily growing infrastructure network with regards to road, railway & flight connections

10

INCENTIVES

Attractive investment incentives scheme and special tax regimes for R&D activities

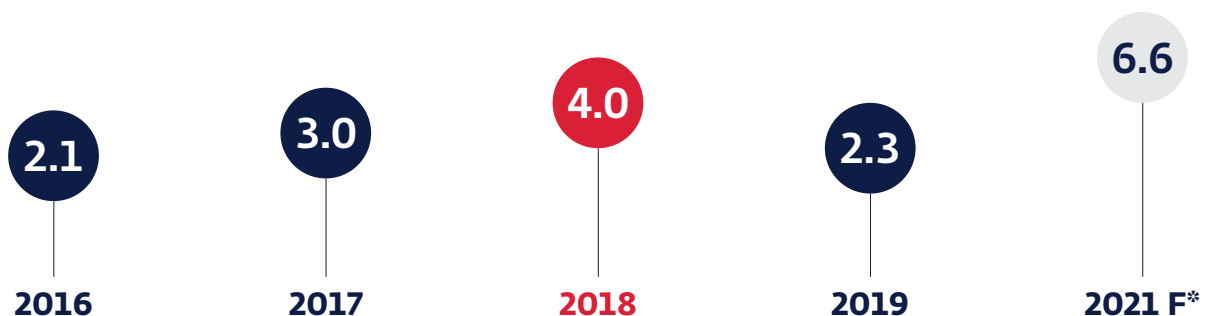
Macroeconomic Overview

SLOVAKIA is experiencing an ongoing economic expansion, driven by continually increasing domestic demand, as well as booming investments — domestic and foreign. Generally, since 2010 Slovak economy has been growing faster the EU average and is expected to achieve the highest growth in CEE in 2021.



Slovak economy has been growing also in the terms of quality. Between 2010 and 2019 **SLOVAKIA** experienced the second highest growth of added value in the industrial production in the OECD.

REAL GDP GROWTH (%)



*All EU countries experienced negative growth in 2020 due to global pandemic. Sources: GDP Growth Data: European Commission, European Economic Forecast Winter 2019; Credit Ratings Data: S&P, Moody's, Fitch, OECD (2019); Indebtedness Data: Eurostat (2017); Economy Openness Data: Eurostat (2018); Improving Business Environment: SARIO (2019)



UNEMPLOYMENT RATE (%)



COUNTRY CREDIT RATINGS



Continually Improving Business Environment

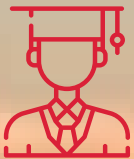
There are several recent activities and measures introduced by the Slovak government to increase the quality of the Slovak business & investment environment.



2013
Introduction of RIS3 smart national R&D strategy



2015
Introduction of R&D related tax regime — R&D superdeduction



2015
Launch of official dual education system



2017
Decreased corporate income tax rate to 21%



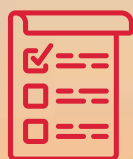
2018
New attractive investment
incentives scheme



2019
Electricity price discount
for energy-intensive
manufacturers






















2020
Increase of R&D tax
deduction rate to 200%



2020
Introduction of
'1 year — 1 set of rules
principle' — new legislation
on taxes and social
contributions always enters
into force by January 1

One of the Lowest Indebtedness in Eurozone

Healthy governmental and corporate finances are linked to low risk of implementation of austerity measures which would negatively affect business and private sector.

1	36.3	56.4	 Lithuania
2	36.9	70.5	 Latvia
3	8.4	101.5	 Estonia
4	66.1	69.3	 Slovenia
5	48.0	92.4	 SLOVAKIA
6	59.8	105.7	 Germany
7	43.1	129.0	 Malta
8	70.4	121.0	 Austria
9	59.0	145.4	 Finland
10	97.6	129.7	 Spain
11	134.8	107.0	 Italy
12	98.1	148.4	 France
13	117.7	150.1	 Portugal
14	58.8	221.2	 Ireland
15	98.6	185.3	 Belgium
16	176.6	107.7	 Greece
17	48.6	241.7	 Netherlands
18	22.1	306.5	 Luxembourg
19	95.5	282.6	 Cyprus

 GOVERNMENTAL DEBT (% OF GDP)
  PRIVATE SECTOR DEBT (% OF GDP)

Source: Eurostat, 2019



The Most Open Economy in the EU

EXPORT (% OF GDP)

1ST PLACE IN EU



**EXPORT OF
GOODS**

4TH PLACE IN EU



**EXPORT OF
GOODS & SERVICES**

The World Bank Ranking



SLOVAKIA ranks as no. 1 globally in Ease Of Trading Across Borders reflecting the time and cost associated with the logistical process of exporting/importing goods.

International Chamber of Commerce Ranking

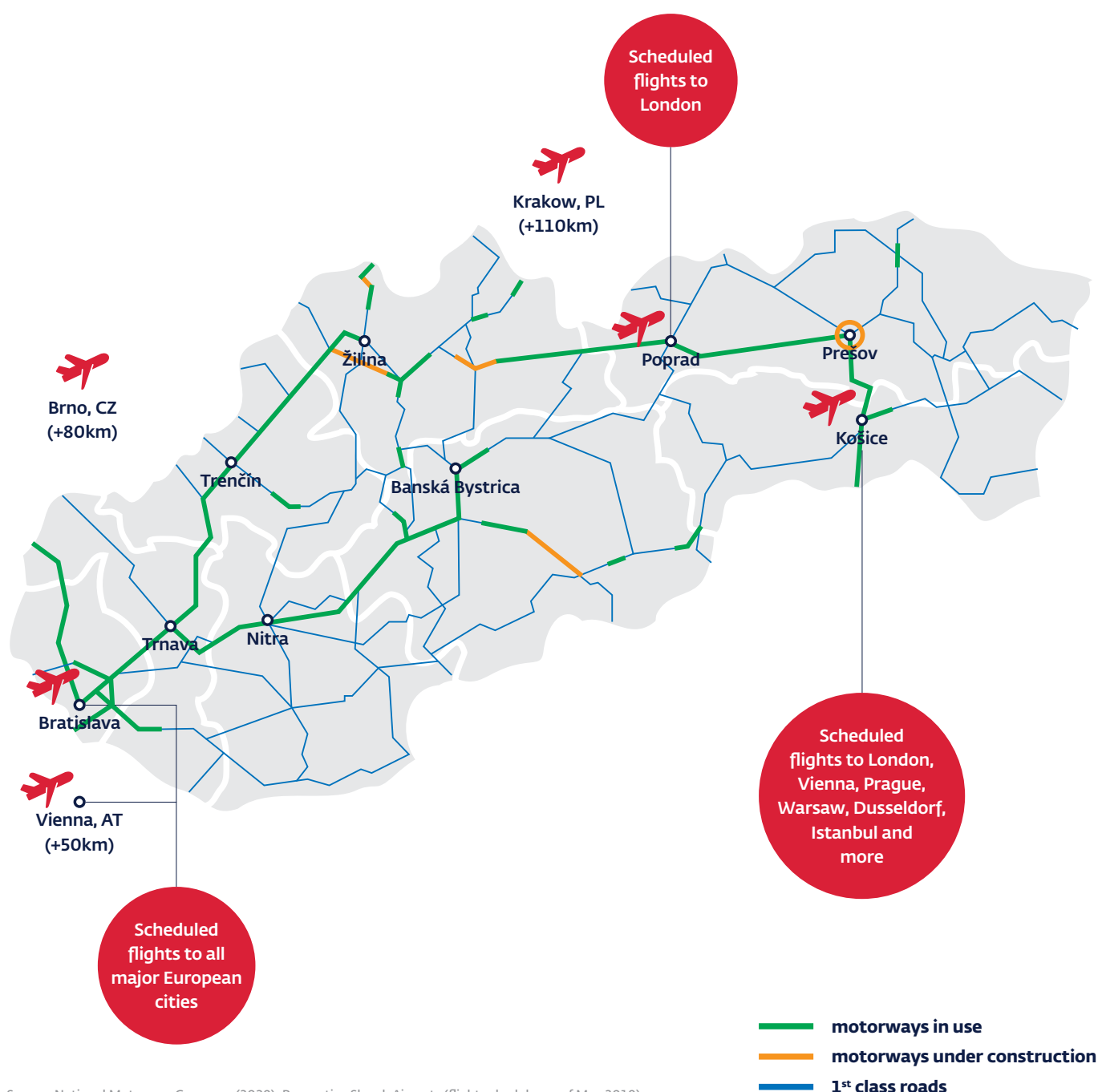


SLOVAKIA ranks as no. 12 in the world in the Open Markets Index assessing openness to trade, trade policy settings, FDI openness and trade-enabling infrastructure.



Dynamically Developing Infrastructure

SLOVAKIA's national roads network provides safe and efficient travel as well as fast and reliable transportation of goods.



Source: National Motorway Company (2020); Respective Slovak Airports (flight schedules as of May 2019)

Productive & Skilled Labour Force

In **SLOVAKIA**, investors can find workforce which excels in three major areas — productivity, qualification & labour costs. **SLOVAKIA** is a regional leader in labor productivity, while still remaining cost-competitive on the regional as well as the European level.



LABOUR PRODUCTIVITY IN CEE (USD) GDP per hour worked (100%)



AVERAGE GROSS MONTHLY SALARIES



Interesting Facts & Rankings



1

AMONG WORLD LEADERS IN AUTOMATION

Slovakia belongs to TOP 16 countries with the highest number of installed robots in the production industry per 10,000 employees.

2

FDI & TECHNOLOGY TRANSFER LEADER IN CEE

Slovakia is CEE leader in the extent of bringing new technology to host country (15/125 Global Ranking).

3

THE HIGHEST PROPORTION OF HIGHER ADDED-VALUE JOBS

The employment in high- and medium-high technology manufacturing sectors and in knowledge-intensive services as a share of total employment is the highest in the region.

4

CONSTRUCTIVE LABOUR RELATIONS

Slovakia records the lowest number of lost working days due to industrial actions in Europe (per 1,000 employees).

5

HARD-WORKING LABOUR FORCE

Slovakia has the highest percentage of people working at night & weekends in CEE.

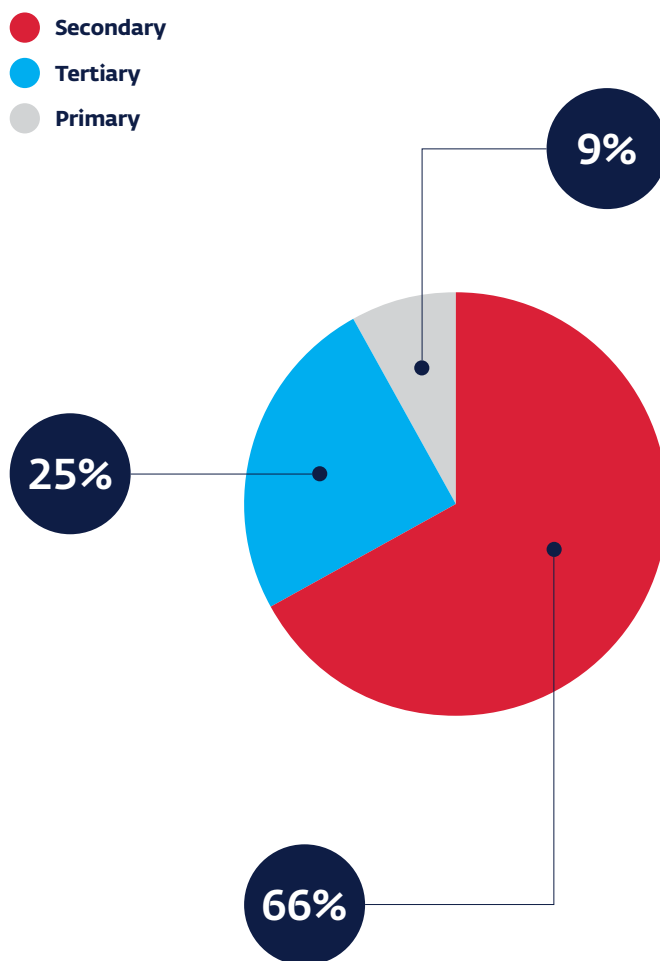
Sources: Productivity statistics: OECD (2019); Salaries Data: National Statistical Offices of Respective Countries (salaries as of 2019); Automation: International Federation Of Robotics (2018); Higher Added-Value Jobs As a % Of Total Employment: Eurostat (2019); Industrial Actions: European Trade Union Institute (2020); FDI & Technology Transfer: World Economic Forum, The Global Competitiveness Report 2019; People Working At Night & Weekends: Eurostat (2020)

Education & Language Competencies

SLOVAKIA has a well-established system of secondary schools and 34 universities and colleges preparing students for a successful entry to the labour market in line with employer's requirements.



THE HIGHEST ATTAINED EDUCATION
(25—64 years population)



Source: Eurostat (data for 2019)

SECONDARY EDUCATION

91%

One Of the Most Educated Workforce

The proportion of 25—64 years old people with at least secondary level qualification, compared to an EU average of 78%.



Dual Education

The Slovak Government fully implemented a new dual education framework facilitating shared theoretical education in schools and practical training in companies. Companies joining the new scheme have the advantage of not only benefiting from a prepared and qualified labor force, but also of the possibility to utilize a related tax relief.

More than 680 companies
and 5,800 students joined the
dual education in 2019.



95%

English



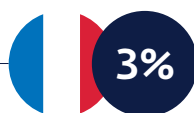
40%

German



14%

Russian



3%

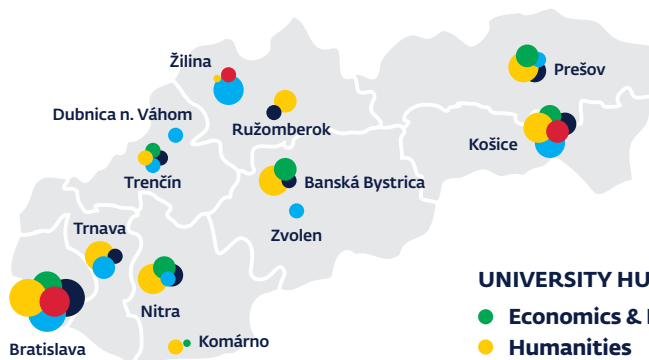
French

THE MOST COMMON FOREIGN
LANGUAGES TAUGHT AT SLOVAK
SECONDARY SCHOOLS

TERTIARY EDUCATION

High Share Of STEM Profiles

Every 3rd 25—64 years old tertiary-educated adult studied sciences, technology, engineering and mathematics (STEM) programs.



UNIVERSITY HUBS

- Economics & Business
- Humanities
- IT
- Technical
(including IT study programmes)
- Other

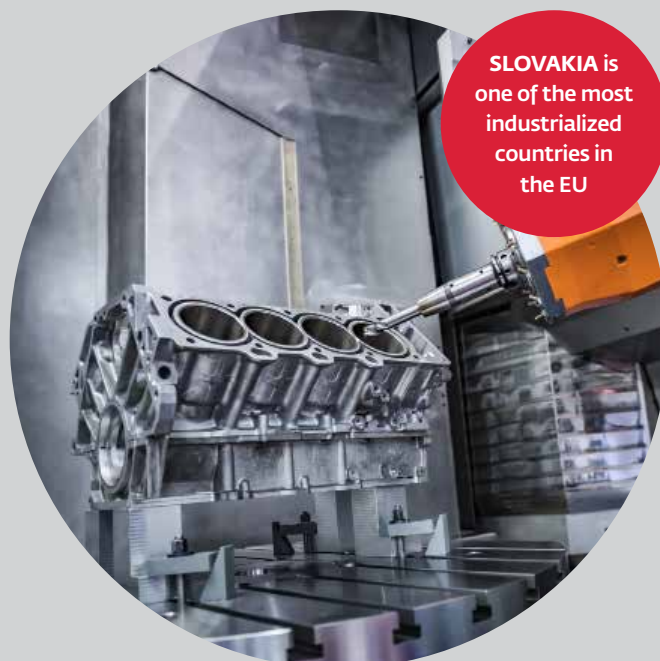
2018
2019135,000
students38,000
graduates

Pillars of the Slovak Economy

SLOVAKIA prides itself on its industrial heritage which has provided a stable base for the development of certain sectors such as automotive or electronics.



Over the last decade, global corporations representing various sectors have selected **SLOVAKIA** as the top location for their expansion in the CEE region.



SLOVAKIA is one of the most industrialized countries in the EU

01 AUTOMOTIVE

The automotive industry has a strong tradition, it has been the driving force of the Slovak economy and important source of foreign direct investment in the past 20 years. Moreover **SLOVAKIA** is well located within the European automotive production hub.

over 1 million
vehicles produced
in 2019

275,000
people employed directly
& indirectly in the automotive
industry

50%
share of automotive
industry on total industrial
production

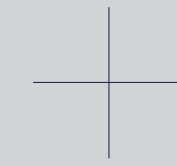
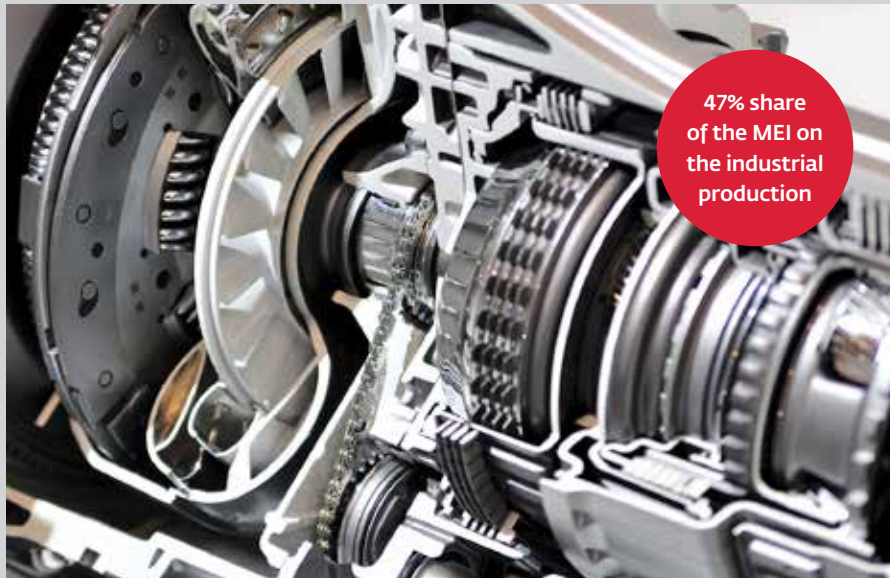
Apart from the four operating carmakers, the Slovak automotive industry is also defined by its well developed and high quality supplier network. As **SLOVAKIA** is well located within the European automotive production hub, Tier 1—2 suppliers can also benefit from a wider regional market.



Currently, 17 electric or partly electric models are being produced in **SLOVAKIA**. There is also a growing number of e-mobility suppliers.



1st place
in the world in
the car production
per 1,000
inhabitants



The Machinery & Equipment Industry (MEI) in SLOVAKIA represents one of the key pillars of the Slovak economy. It has a strong historical background and maintains its stable position in the Slovak industry.

02 MACHINERY & EQUIPMENT INDUSTRY

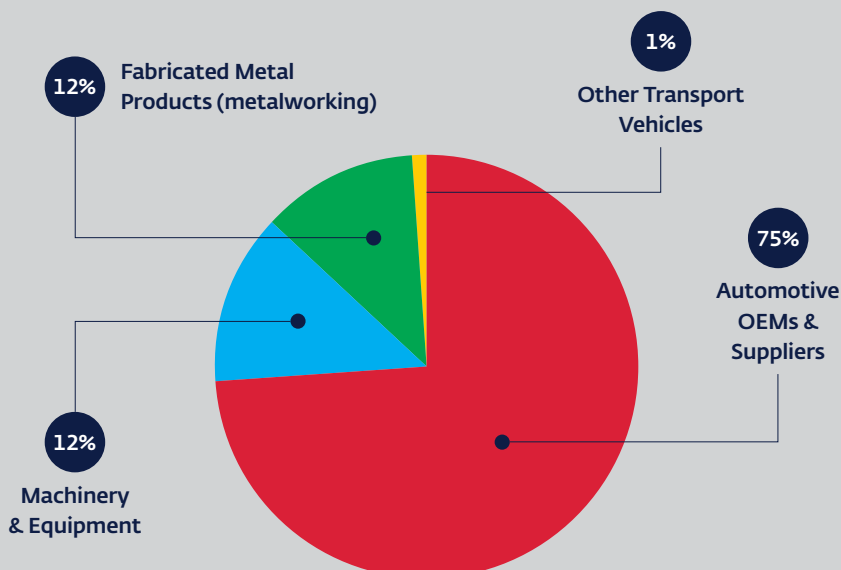
The MEI sector is of crucial importance, not only because of its contribution to the GDP and foreign trade balance, but also for its potential to create jobs and generate innovations.

€ 40 BN.
sales revenue

38%
of all industrial
jobs

924+
companies active
in the sector (20+ FTEs)

DIFFERENT SUBSECTORS OF MEI (based on turnover)



The MEI in SLOVAKIA is closely linked to the automotive industry which is the highest contributor to investments in SLOVAKIA. However, it is not the only driver of the sector. Other crucial subsectors of the MEI are machinery, metalworking and production of other transportation vehicles.

Source: Statistical Office of the Slovak Republic, 2019

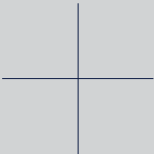
03 AEROSPACE

In the space sector, **SLOVAKIA** follows up on its decades of experience in international research programmes as well as participating in two manned space missions.



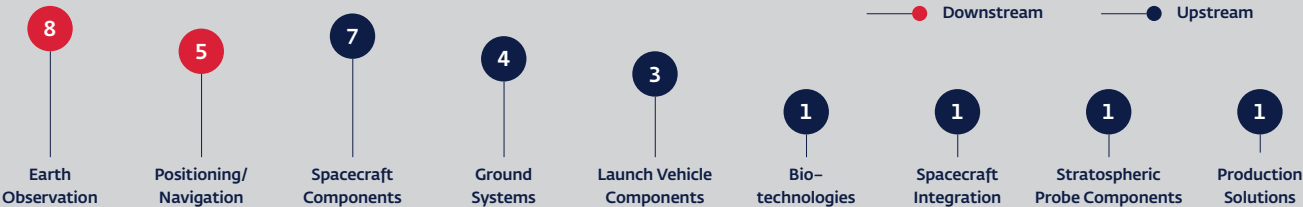
30+
companies directly
involved in the space sector
with 40+ more active in
related areas

€ 108+ MIL.
revenues generated
by companies directly
involved in the space
sector



SLOVAKIA'S researchers have been actively involved in major international missions including Rosetta, BepiColombo, JUICE or JEM-EUSO. These solid research capacities along with a strong base of companies working with electronics, high-precise machinery, progressive materials & ICT have contributed to the recent dynamic growth of space industry.

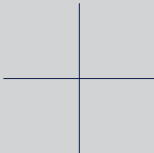
NUMBER OF COMPANIES DIRECTLY INVOLVED IN SPACE SECTOR



The Slovak aviation industry builds on an old tradition of Slovak inventions, such as early 20th century parachute or late 19th century helicopter prototype.

€ 99 MIL.
revenues generated by
the aviation sector

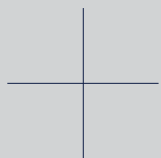
1,250
employees in aircraft
production, maintenance
& training



Currently, the sector is represented by companies developing and producing fast ultralight aircrafts, gyrocopters or even several prototypes of flying cars, as well as innovative training simulators and ICT systems.



Source: SARIO Materials



The Slovak EECI reflects both — traditional electronics manufacturing (power generators, telephones, radios, etc.) and new trends especially connected to the growing automotive industry (electric motors, microelectronics, sensors).

SLOVAKIA
has over 120 years
of experience in
electronics & electrical
components
industry



04 ELECTRONICS & ELECTRICAL COMPONENTS

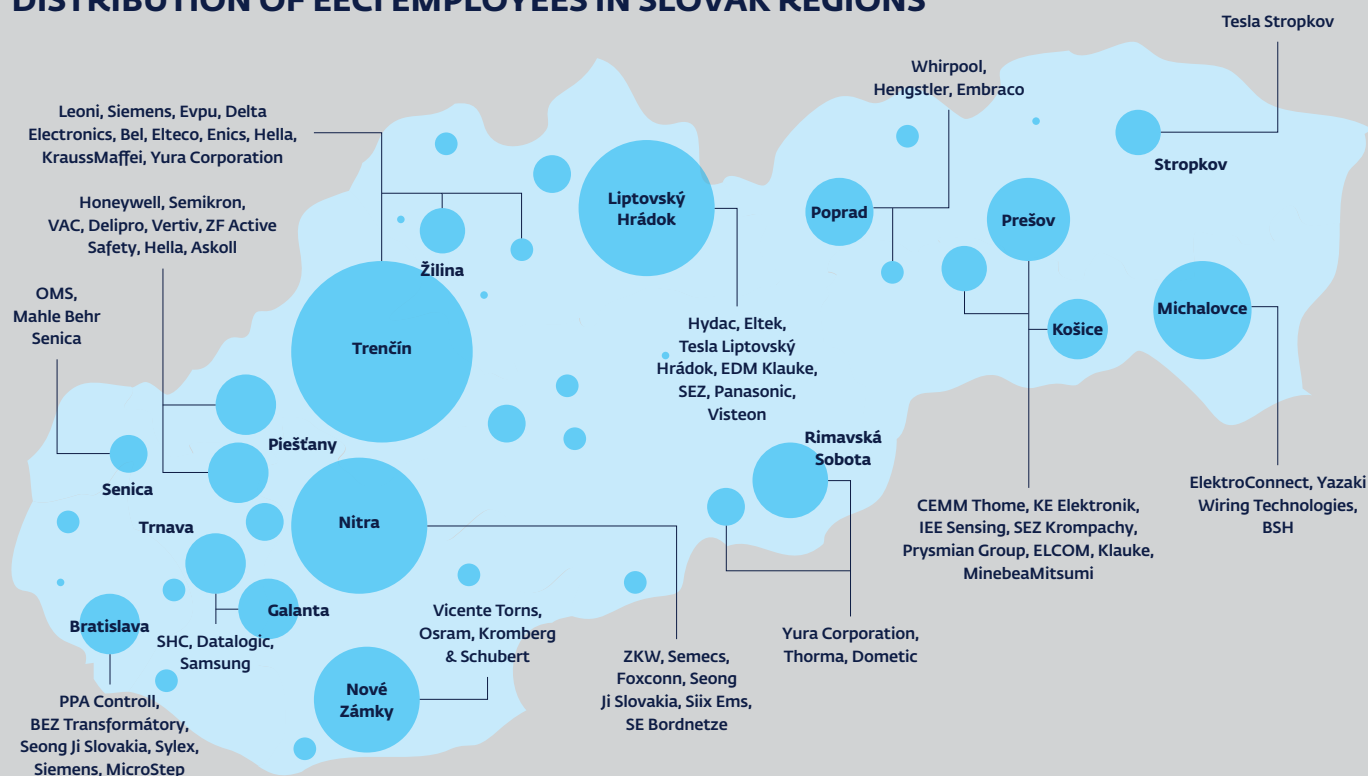
The electronics & electrical components industry (EECI) is one of the strongest contributors to the country's GDP and is also one of the biggest employers in the country.

9.35%
share of EECI on total
manufacturing production

47,000
people employed in
the EECI

222
companies in EECI
(20+ FTEs)

DISTRIBUTION OF EECI EMPLOYEES IN SLOVAK REGIONS



Source: Statistical Office of the SR, Yearbook of Industry of the SR 2019, SARIO

05 CHEMICAL & PHARMACEUTICAL INDUSTRY

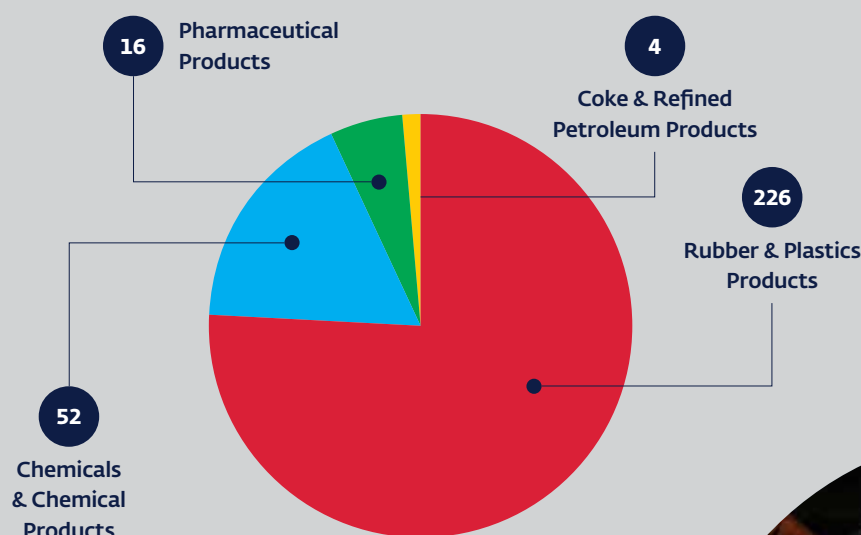
The chemical industry has traditionally been one of the largest sectors of the Slovak economy. This industry includes a diversified portfolio of hundreds of different products ranging from petrochemicals, rubber and plastic products to pharmaceuticals.

€ 10,25 BN.
revenues of the
chemical industry*

45,000
people employed
in chemical industry*

11.26%
share of the chemical industry on
the industrial production*

NUMBER OF COMPANIES DIRECTLY INVOLVED IN CHEMICAL & PHARMACEUTICAL INDUSTRY (only the companies with 20+ employees are included)



INNOVATIVE

SLOVAK BIOTECH COMPANIES
MultiplexDX creates & develops 98% accurate revolutionary cancer diagnostic tests. Glycanostics develops prostate diagnostic products with 95%+ accuracy, as well as assay kits for other types of cancer and non-oncological diseases.

TOP COMPANIES FROM CHEMICAL & PHARMACEUTICAL INDUSTRY

RUBBER & PLASTICS
Continental Matador Rubber,
Chemosvit Folie, ContiTech
Vibration Control

CHEMICALS & CHEMICAL PRODUCTS
Duslo, Fortischem, BASF,
Meroco

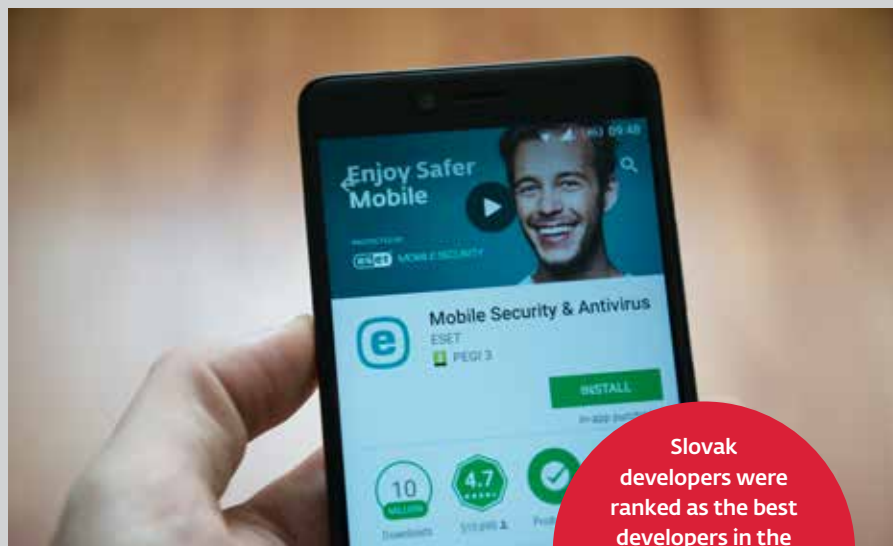
PHARMACEUTICAL INDUSTRY
Saneca Pharmaceuticals,
Biotika, HBM Pharma,
Imuna Pharm

COKE & REFINED PETROLEUM
Slovnaft, Probugas



*The data include all subsectors: Coke & refined petroleum products, chemicals & chemical products, pharmaceutical products and rubber & plastic products.
Sources: TopTrend 2019; Fintstat; Statistical Office of the Slovak Republic, Yearbook of Industry of the SR 2019

The majority of IT services in SLOVAKIA are provided by service centers and software houses. On top of that, traditional activities of telecommunication operators are gradually expanding beyond their standard services and building a more diversified portfolio is becoming an integrated part of their business.



Slovak developers were ranked as the best developers in the world as measured by programming skills testing program

06 INFORMATION & COMMUNICATION TECHNOLOGIES

The information & communication technologies (ICT) sector has a solid position in the Slovak economy. This is demonstrated by the presence of foreign owned companies such as Deutsche Telekom IT & Telecommunications, Asseco, Accenture, Soitron, Atos as well as strong domestic companies such as Eset, Sygic.

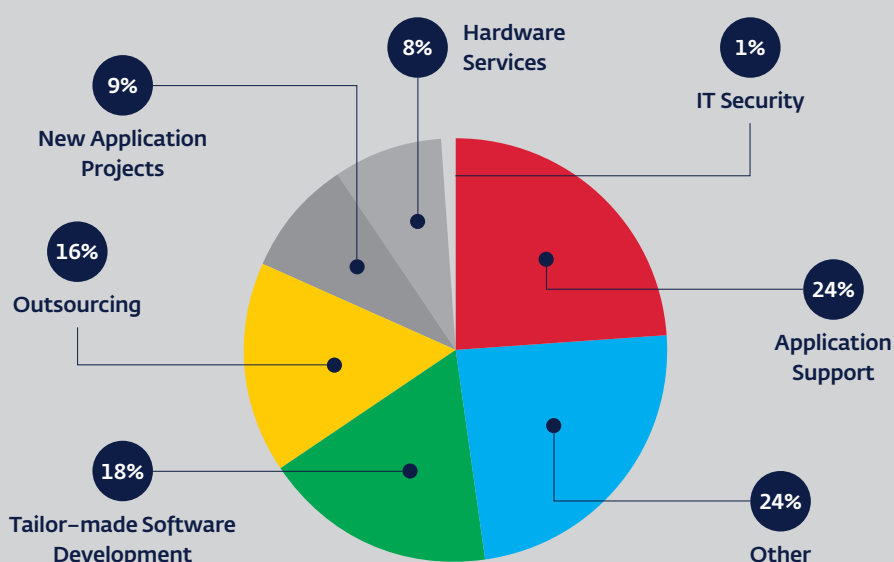
4.2%
ICT contribution to
Slovak GDP

87,000
jobs in ICT
sector

55
games development
companies & studios

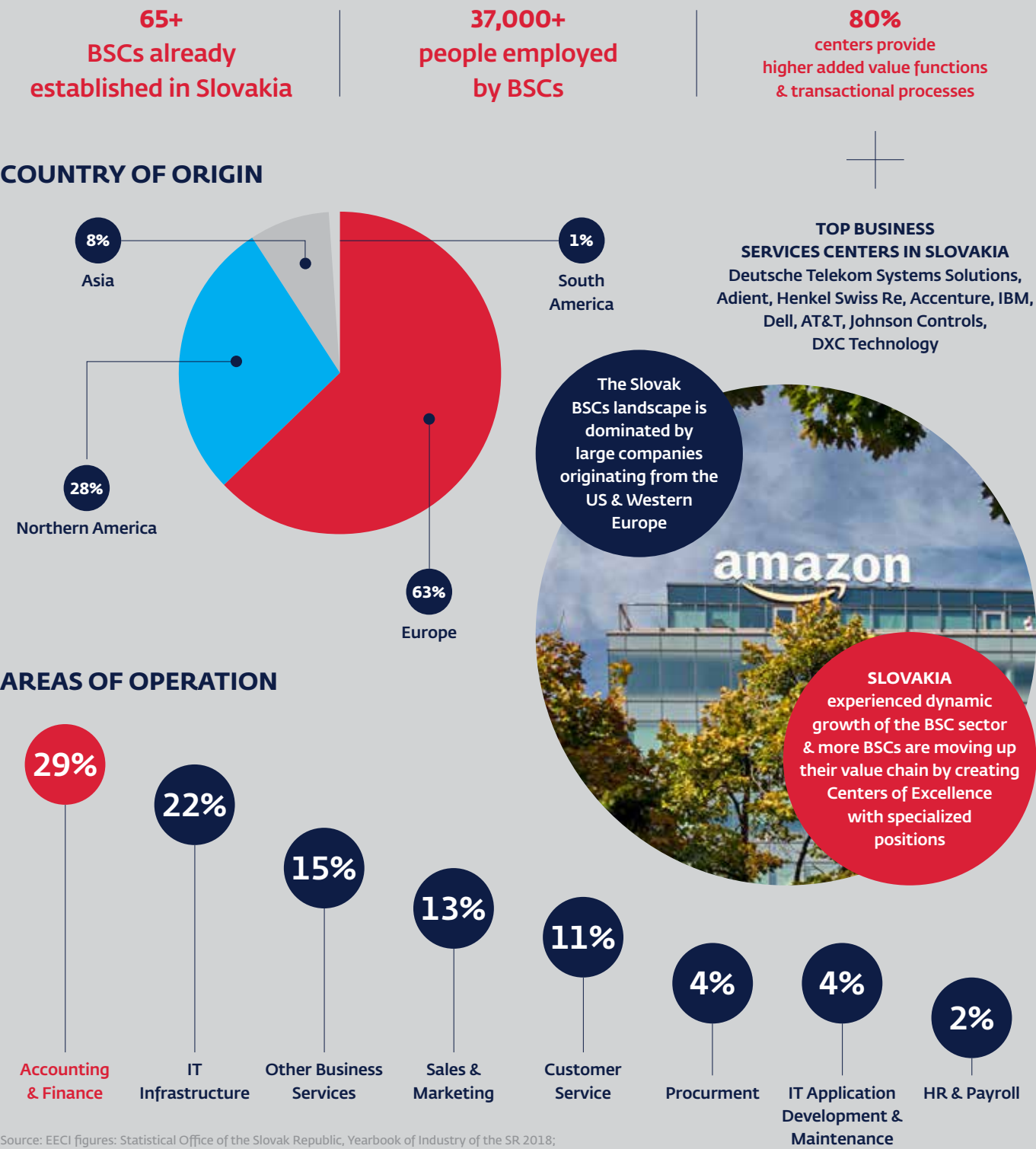
IT SERVICE MARKET IN SLOVAKIA

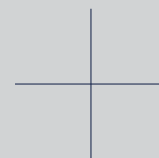
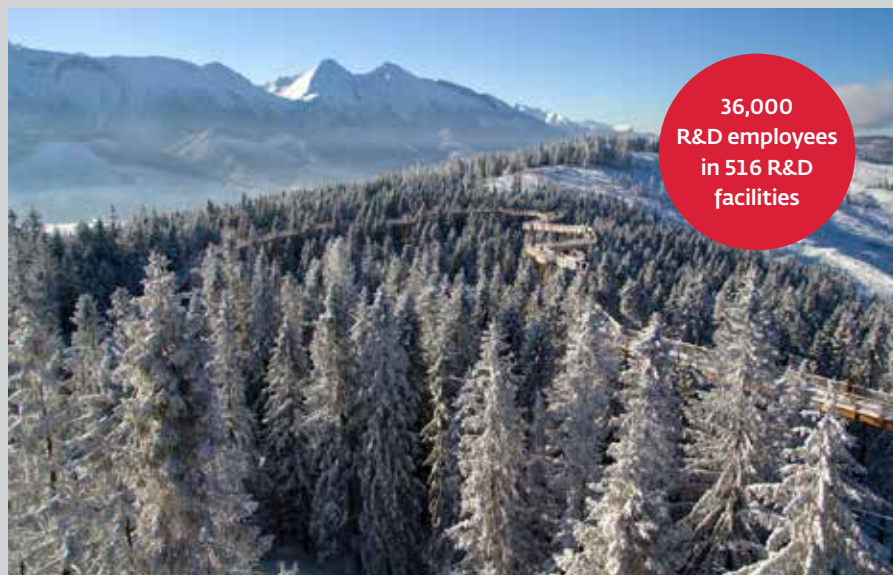
ICT technologies became an integrated part of the daily life in SLOVAKIA. Their role continues to grow which is reflected by steadily raising adaptability of the Slovak population to ICT technologies.



07 BUSINESS SERVICE CENTER (BSCs)

Thanks to the availability of labour force and its language skills BSCs in SLOVAKIA are evolving towards centers with higher added-value with greater emphasis on quality of their services.





RIS3 — NATIONAL R&D SPECIALISATION STRATEGY

National R&D Specialisation Strategy is focused on innovation support through cooperation between enterprises and research institutions in key sectors of the Slovak economy.

RIS3 identifies following priorities linked to R&D funding — material research and nanotechnology, biomedicine and biotechnology, ICT including electronics.

08 RESEARCH & DEVELOPMENT

As a top priority, the Government of the Slovak Republic is determined to attract and support investments with high added value and innovation potential.

30% of all outputs in international scientific journals on material research originates from SLOVAKIA

KEY FACTS WHY TO CONSIDER SLOVAKIA FOR R&D

1

Highly qualified labour force at affordable costs

2

Many production plants in high-tech industries

3

Established cooperation between companies & local universities

4

Broad R&D and innovation network

5

Presence of R&D centres & technology clusters

6

R&D incentives

Source: ICT and R&D Figures: Statistical Office of the Slovak Republic, Yearbook of Industry of the SR 2018; ICT Service Market in Slovakia: Trend, 2019; Number of Game Development Companies: Slovak Games Developers Association, 2019

09 SLOVAK INDUSTRY 4.0 SOLUTIONS

SLOVAKIA belongs to TOP 20 countries with the highest number of installed industrial robots in the manufacturing industries per employee. Such background generates a significant potential for product and process innovations as well as an implementation of the latest Industry 4.0 solutions.

SARIO INNOVATION SERVICES

Matching platform of SARIO, connecting the needs of large investors established in Slovakia with capacities and competencies of advanced and innovative Slovak technology companies.

300+
innovative companies
in our database

20+
innovation events since
September 2017

150+
presentations of shortlisted
Slovak companies

SLOVAK INNOVATIVE COMPANIES MAINLY FOCUS ON, BUT ARE NOT LIMITED TO

01 INDUSTRY

automation, predictive maintenance, quality control, digital factory solutions

02 PRODUCT DEVELOPMENT

design, prototyping, testing, tooling

01 SERVICES SECTOR

software automation, outsourcing, cybersecurity, big data and AI

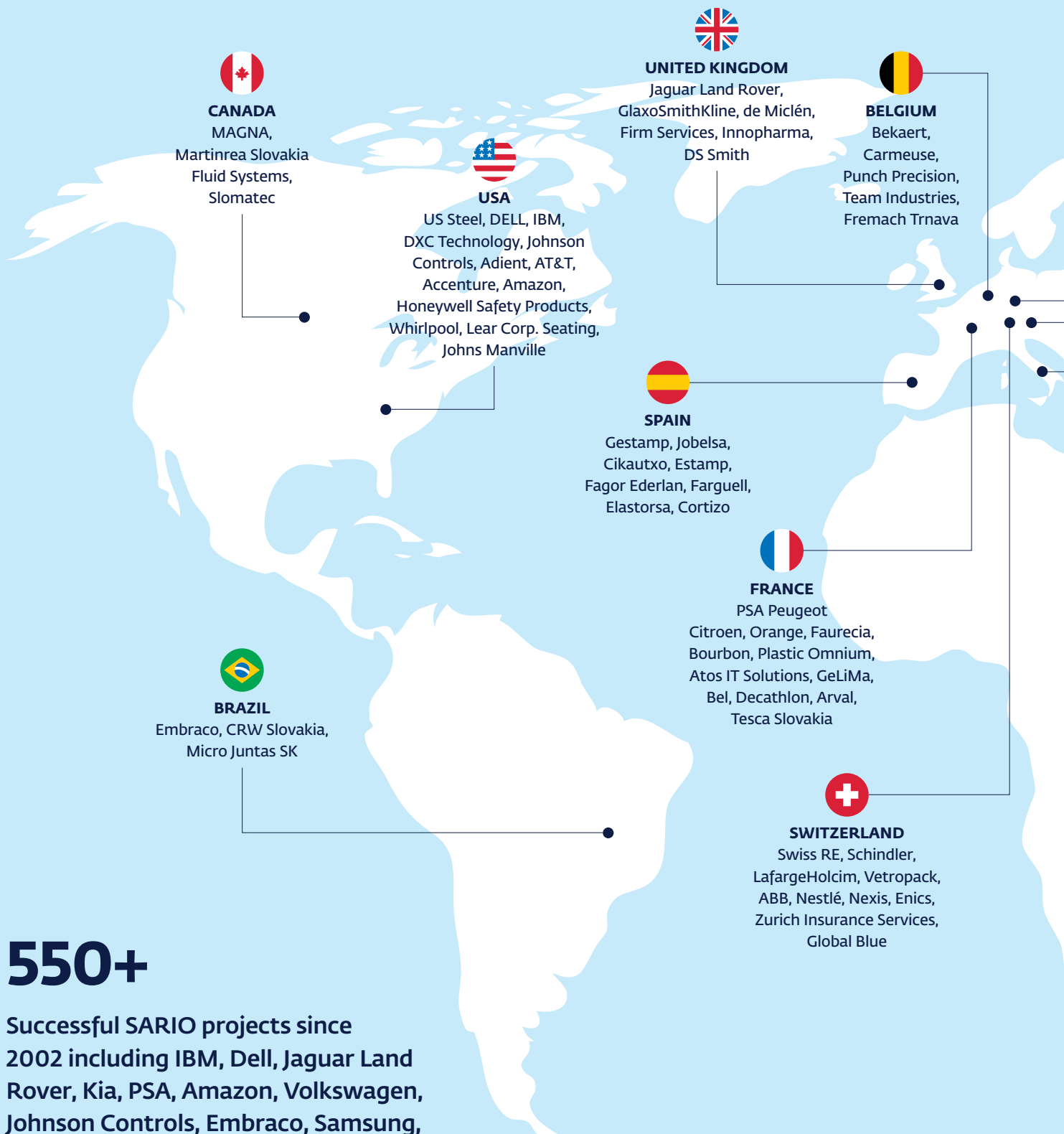
Slovak Ministry of Economy has approved Action Plan for Smart Industry already in 2018

Source: SARIO (2020); International Federation of Robotics (2018)



EXAMPLES OF UNIQUE SLOVAK SOLUTION PROVIDERS
Tangent Works, Anasoft, Trivita Data, Brain IT, Ditis, Photoneo, Marpex, IxWorx Dorps, CEIT, Sova Digital, Matador Automation, Infotech, Manex, Rossum Integration, eDocu, MTS, Bost—Stimba, Igrow, Merchant

Success Stories in Slovakia



550+

Successful SARIO projects since 2002 including IBM, Dell, Jaguar Land Rover, Kia, PSA, Amazon, Volkswagen, Johnson Controls, Embraco, Samsung, Honeywell, Minebea and others.

SLOVAKIA has been the final investment destination for several hundreds successful projects from various countries and in a wide range of industrial sectors.



Investment Incentives

MAXIMUM REGIONAL INTENSITIES OF INVESTMENT INCENTIVES IN SLOVAKIA

- additional 10% for medium-sized enterprises
- additional 20% for small and micro-sized enterprises
- additional 10% for investment projects carried out in regions included in Just Transition Plan

INDUSTRIAL PRODUCTION

Minimum conditions (investment amount, number of newly created jobs and share of new technology) are subject to the unemployment rate in the selected district and forms of aid required.

If applying for income tax relief, the following criteria have to be met in regards to particular districts category:

- 3 mil. EUR and 60% share of new technology
- 1.5 mil. EUR and 50% share of new technology
- 0.75 mil. EUR and 40% share of new technology
- 0.1 mil. EUR and 30% share of new technology
- Expansion includes minimum increase in the production volume or turnover by at least 15%

Direct forms of aid are also available, different conditions apply.

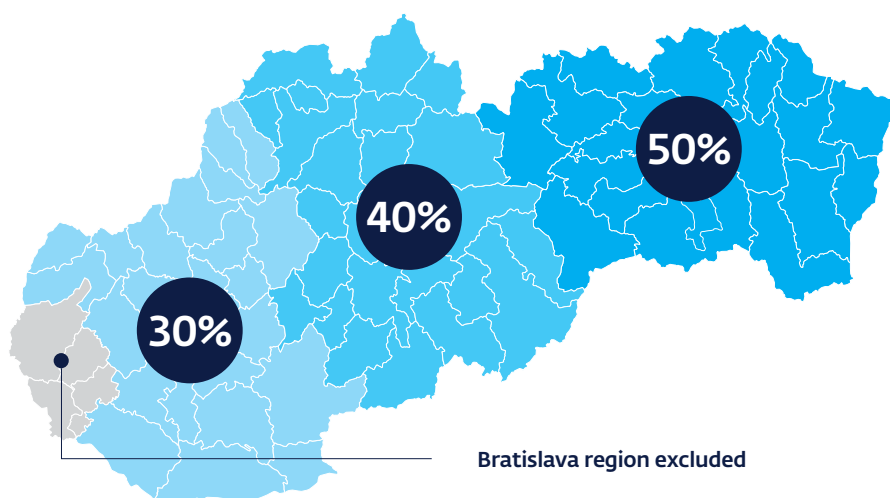
TECHNOLOGY CENTERS

- Minimum investment of 100 ths. EUR on fixed assets in all regions
- Minimum of 10 newly created jobs
- Minimum 1.7 fold of average salary in the district paid to new employees

SHARED SERVICES CENTERS

- Minimum of 25 newly created jobs
- Min 1.5 fold of average salary in the district paid to new employees

*In case of Technology centers or Shared Services Centers, conditions differ for projects from 'Priority areas'. Minimum conditions for SMEs are in principle lowered by half. Please contact us at invest@sario.sk for more information.



ELIGIBLE PROJECTS

The Act on Investment Incentives divides the projects, which may be supported, into four categories:

- Industrial production
- Technology Centers
- Combined Projects of Industrial Production and Technology Center
- Shared Services Centers

ELIGIBLE COSTS

- Costs of land acquisition
- Costs of buildings acquisition & construction
- Costs of new technological equipment and machinery acquisition
- Intangible long-term assets — licences, patents, etc.
- Rent of new land/building **or**
- Total wage costs of all new employees calculated over a period of 2 years

FORMS OF INVESTMENT INCENTIVES

- Corporate income tax relief
- Cash grant
- Contributions for the newly created jobs
- Rent/Sale of real estate for a discounted price

The primary goal of the investment incentives is to motivate investors to place their new projects in regions with higher unemployment and to attract projects with higher added value.

Positive regional contribution of a new investment projects shall be concluded based on these categories — investment location, number of jobs created, average gross monthly salary of new employees, expected added value and possible qualification of a project respecting definition of a priority area.





AIM INVESTMENT AWARDS DUBAI 2017

CEE & TURKEY REGION
Best Investment Promotion
Agency in 2016



SARIO Profile

Slovak Investment & Trade Development Agency (SARIO) is a governmental investment and trade promotion agency of the Slovak Republic. The agency was established in 2001 and it operates under the Slovak Ministry of Economy.

01 INVESTMENT SERVICES

FOR POTENTIAL INVESTORS

- investment environment overview
- assistance with investment projects implementation
- starting a business consultancy
- sector and regional analyses
- investment incentives consultancy
- site location & suitable real estate consultancy

FOR ESTABLISHED INVESTORS

- identification of local suppliers, service providers
- assistance with expansion preparation and execution
- assistance with Industry 4.0 solutions and R&D implementation

02 FOREIGN TRADE SERVICES

IF YOU ARE LOOKING FOR

- Slovak supplier or sub-contractor
- information about Slovak export/trade environment
- sourcing opportunities
- forming a joint venture, production cooperation or other forms of partnership with a Slovak partner

SERVICES FOR EXPORTERS

- information on foreign territories
- customized search for foreign partners
- on-line database of business opportunities
- export Training Centre
- subcontracting assistance

03 INNOVATION SOURCING

- matching local tech companies with the operations of large companies that plan to implement innovative solutions to streamline and optimize their processes
- focused mostly on Industry 4.0 solutions such as digitalization, intelligent automation, and robotics as well as advanced and complex IT solutions for various industries
- based on a database of more than 300 local tech companies which is constantly updated and expanded

04 DIVERSIFICATION ACTIVITIES

- aimed at supporting diversification of the Slovak economy towards high-tech areas with significant growth potential
- systematic building of a knowledge base about these sectors with an aim of increasing their visibility and attractiveness for prospective investors
- focused mainly on such sectors as space, aviation, smart & green mobility, medtech, greentech, gaming, smart cities, data centers, and the hydrogen economy



**SARIO IS YOUR ONE-STOP SHOP FOR INVESTMENT & TRADE IN SLOVAKIA.
TALK TO US TODAY!**

SLOVAK INVESTMENT AND TRADE DEVELOPMENT AGENCY

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