

Newsletter

Slovak Investment and Trade Development Agency

May / 2011



*SARIO - the best investment
agency in Eastern Europe*

More on page 8



AMERICAN INVESTORS ARE SATISFIED

According to H.E. Theodore Sedgwick, U.S. Ambassador to Slovakia, U.S. companies in Slovakia are satisfied with quality of the business environment in Slovakia which continues

to improve. "We would be happy to see many more U.S. firms in Slovakia. We are convinced that your country has potential for further investments," he told the Slovak minister.

NEW JOBS

This year, the number of people employed in the industrial park in Vrable is expected to rise. Most new employees should be hired by the US-based company ICU Medical. "Within four or five years, they plan to hire some 700 people," said Vrable Mayor Tibor Toth, adding, that 100 to 200 will be hired this year. ICU's overall investment in Slovakia will reach approximately 14 million euro by the end of 2011.

Approximately 500 new jobs should be open in Stara Tura in Nove Mesto nad Vahom district. Local company Elster, producer of gas meters and water gauges plans to build a new assembly hall on its premises. Elster said in an investment plan, which has already been submitted for Environmental Impact Assessment (EIA) that it wants to expand production in the near future. The construction of the hall will cost approximately EUR 5 million. The construction should start at the end of the summer of this year, and be completed at the start of next year.

The European Business Center (EBC) Dell in Bratislava is opening new jobs as well. The company offers almost 250 jobs in finances, client support and servicing. EBC Dell human sources manager Silvia Jelenikova specified that also university graduates have a great chance to succeed, as almost 100 opened jobs are suitable for them. The newly opened positions should increase the number of the firm's employees to over 1,800.

HONEYWELL WILL ATTRACT OTHERS

Two more investors are heading to the IPZ Presov-Zaborske industrial park, Economy Minister Juraj Miskov informed at HN Club discussion forum. The minister could not disclose their names, the volume of investments and expected number of potential new jobs yet. Miskov confirmed that their arrival was connected to the investment of the U.S. company Honeywell, which plans to build a plant for the production of turbochargers for passenger cars and trucks worth EUR 38.3 million in the park.

STEAM-GAS POWER PLANT

The new steam-gas power plant in Malzenice was put into operation on Monday in attendance of Economy

Minister Juraj Miskov and Environment Minister Jozsef Nagy. The power plant in Malzenice has installed capacity of 436 MW and can generate up to 3 billion kWh of power annually. Germany's oil and gas utility E.ON invested in construction of the Malzenice power plant EUR 400 million, which, Chairman of E.ON Slovensko's Board of Directors Konrad Kreuzer says, is group's biggest investment in Slovakia over the past decade. Thanks to this investment, thirty permanent jobs were created.

INCREASE OF PRODUCTION BY 50%

Electronics company Foxconn in Nitra pledged in its investment plan to raise output of LCD television by 50 percent in 2011 on a simultaneous employment boost from 3,000 to 3,900.

The firm presently employs approximately 3,000 people. Foxconn is Sony's successor in the Nitra-Sever Industrial Park and continues to manufacture LCD televisions in Sony's factory.

NEW INVESTORS

New investors are heading towards the Juh Industrial Park (South) in Lucenec. The company Bionafta is planning to generate there electricity from renewable energy sources in cooperation with the company Milenium Trading that will launch trial operation in June. Bionafta will invest €4.5 million and employ some 25 people by late 2012.

EXPANSION OF THE AREA

The production premises of the joint-stock company Koval Systems in Belusa, Puchov district, should be extended by new warehouses and related infrastructure. A total of 114 people could find jobs here.

NEW HALL

The international operator and developer of modern logistics parks in Europe Pointpark Properties (P3) launched the construction of a new production hall in Trnava for the U.S. firm Audia Plastics and its subsidiaries Washington Penn and Uniform Colour Company. The overall volume of the investment represents almost EUR 8.5 million. The hall with an area of 15,000 square meters should be completed in September of this year.





RATING CONFIRMED

International rating agency Moody's Investors Service affirmed the government of Slovakia's A1 foreign and local currency bond ratings; the outlook on these ratings remains stable.

The affirmation reflects recent indications that the new government, in power since July of 2010, intends to adopt measures to consolidate its fiscal position. These measures primarily consist of reducing the wage expenditure in 2011 by 10 percent, cutting waste on procurement of goods and services, freezing investments, and increasing

the overall efficiency of public sector expenditure. The stable outlook incorporates the improving prospects for the Slovakian economy and that the favourable external demand environment will continue to be supportive of output growth.

AMONG THE ELITE

A Convention on Nuclear Safety review meeting, which evaluates national reports by participating countries, concluded that nuclear power plants in Slovakia are among the world's elite in terms of safety. "The conclusions of the review meeting have confirmed accordance of Slovakia's legislation and other activities in the field of nuclear safety with the

articles of the Convention. No negative statement was made in the conclusions. Compared to other countries operating nuclear power stations, Slovakia is at the forefront in terms of safety and operational indicators," the Nuclear Regulatory Authority (UJD) announced after the International Atomic Energy Agency session held in April in Vienna.

SLOVAK ECONOMY WILL ACCELERATE

Slovakia's economic activity will accelerate in 2012 after a slight slowdown in 2011, the International Monetary Fund (IMF) forecasts in its outlooks for European economies. The GDP growth figures are based on the IMF's prognosis released in April, which stipulates that Slovakia's GDP will grow 3.8 % this year and 4.2 % next year. The country will thus beat the euro zone's median projected at 1.6 % in 2011 and 1.8 % in 2012.

MOBILE COMMUNICATION IS INCREASING

Penetration of mobile telephony services in Slovakia reached 111.6 % as of late March 2011, which was a y/y increase of nearly 5 percentage points. As of March 30, three mobile telephony operators Orange Slovensko, Slovak Telekom (T-Mobile) and Telefonica Slovakia (O2) recorded 6.026 million active SIM cards (up 269,000 cards y/y).

THE ALTERNATIVE OPTIONS ARE GROWING

Alternative power suppliers are winning an increasing number of new clients every year. The Regulatory Office for Network Industries (URSO) reported that nearly 17,200 households and over 4,600 other customers changed their supplier last year. A year ago, almost 7,700 homes and 3,000 other consumers decided to switch supplier, which means that alternative suppliers posted

y/y growth in household consumers from more than 9,000 to almost 25,500, according to the regulator.

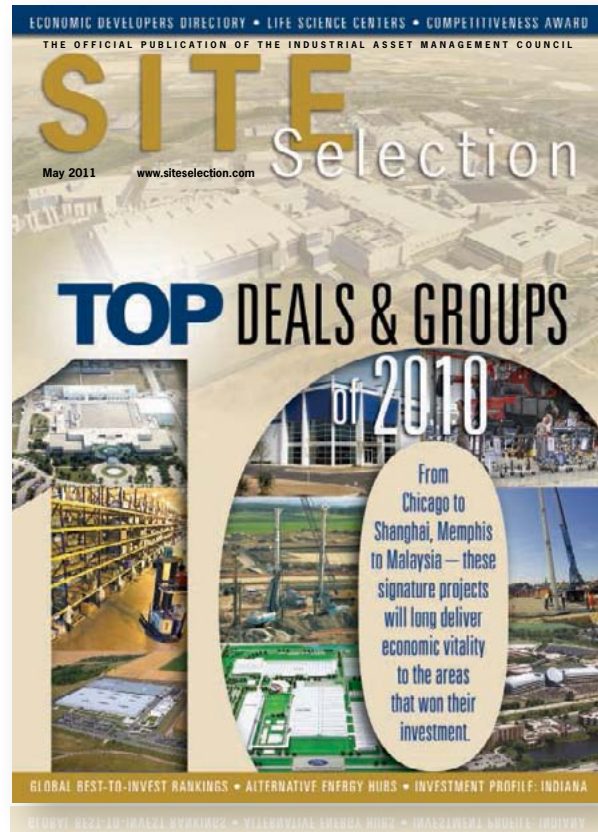


DECREASE OF THE UNEMPLOYMENT RATE

The registered unemployment rate in Slovakia in April dropped 0.19 percentage points to 12.94 percent, Director General of the Central Office for Labour, Social Affairs and Family Ivan Juras told journalists on Thursday. Juras ascribes the modest decline to an increase in seasonal works, stronger demand to register for self-employment and lower number of voluntarily jobless persons caused by higher health insurance premium rates, introduced in early 2011. Rising economic activity, too, is an important factor that reduced the jobless rate.

EXIMABANKA'S EXPECTATIONS

Slovakia's export activities are expected to grow in the coming period and, therefore, Eximbanka anticipates growth in its sales. To bolster the indicator, the institution plans to intensify its activities and marketing of its sales divisions or to reassess its service portfolio. Mario Schrenkel, Eximbanka director general, told that the bank plans to bolster support of Slovakia's exports. The increase should range between the GDP growth and exports improvement in the given year. The value of supported exports is said to increase from last year's EUR 3.2 billion to EUR 3.38 billion in 2011 and EUR 5.51 billion in 2015.



SARIO - THE BEST INVESTMENT AGENCY IN EASTERN EUROPE

SARIO received 1st place in the ranking "Global Best to Invest 2010" in the region of Eastern Europe by Site Selection magazine.

Site Selection magazine has published the ranking "Global Best to Invest" for the third time. This ranking is based on an over 50 years long tradition of the new investment projects New Plant Database of Conway Data Inc. This ranking covered six regions: Eastern Europe, Western Europe, Asia – Pacific, Africa and the Middle East, and Latin America. The "Global Best to Invest" rankings were evaluated according to

projects announced, capital invested and jobs created in total and per capita. Regions were scored according to their performance in these categories, and the corresponding investment promotion agencies were recognized based on overall performance. Róbert Šimončíč, SARIO CEO in this context said: "I consider the first place of SARIO agency in this ranking to be most of all the recognition of its employees' work, for

which I would like to thank them all. In the same time it is a motivation for us to achieve higher effectivity and quality in FDI attraction process and last but not least, it also the recognition of the effort of the Ministry of Economy of the SR and the Slovak Government to constantly improve the business environment."



GRAND OPENING CELEBRATION OF THE NEW ROOF SYSTEMS FACTORY

The Grand Opening Celebration of the Dutch company Inalfa Roof Systems in Krakovany (district Piešťany), a new plant for the manufacturing of automobile roof systems was attended by H.E. Daphne Bergsma, the Ambassador of the Netherlands to Slovakia, Robert Šimončíč, the CEO of the Slovak Investment and Trade Development Agency (SARIO), Remo Cicutto, the Mayor of Piešťany and Vladimír Mihálik, the Mayor of Krakovany. According to Jim Bonebright, the Vice President of Inalfa Roof Systems Slovakia s.r.o., the company currently employs

65 people, planning to increase this number to 120. During his speech, he also expressed his thanks for a very good cooperation with regional and municipal administration bodies and a friendly approach and help of SARIO. Róbert Šimočíč, the Chief Executive Officer of SARIO said: „SARIO agency is pleased to have a chance to cooperate with Inalfa Roof Systems at the process of implementing the investment of the global automotive supplier, since the company operates in a key sector and is significant for the development of the entire Slovak economy.“ The

opening ceremony of the plant in Krakovany was also attended by Marcel Schabos, CEO of Inalfa Roof Systems Group, that was founded in 1946 in Venray, the Netherlands and in almost 65 years of its existence, it has been profiled as one of the largest suppliers of roof systems for the automotive industry in the world. Currently, this company operates 12 production plants and 3-technological development centers in Europe, Asia and America.



PRODUCTION EXPANSION, NEW JOBS

The representatives of SARIO took part at the opening ceremony of Belgian company Bekaert plant expansion. This company is one of the largest producers of steel wire and tire cords for cars and truck tires. Iveta Radičová, Prime Minister of the Slovak Republic participated at this event together with Kristián Takáč, the Deputy Minister of Economy of the SR, Anton Szabó, the Mayor of Sládkovičovo and the top management of Bekaert

company. Iveta Radičová, the Prime Minister of the SR in her speech she appraised job creation and the fact that Bekaert stresses the safety at the workplace and employee social programs. Moreover this company may bring to our economy higher added value in the form of new technologies, research and development. Bekaert company has been established in Slovakia for over 10 years and in the region it has developed wide customer base. In order to

satisfy growing demand, the company has decided to expand its production platform in Sládkovičovo by production line of semi products and create 100 jobs. Currently Bekaert company employs in its 2 production facilities in Slovakia (Hlohovec a Sládkovičovo) over 2,100 people.



SARIO PRESENTATION FOR INDIAN DELEGATION

Andrea Gulová, Deputy CEO of SARIO presented Slovakia as the ideal business and investment destination to the representatives of National Defense College (NDC) from India during their official visit to the Ministry of Defense of the SR. NDC was represented by high ranking military representatives of the Indian army who visited Slovakia following the recent visit of Ľubormír Galko, the Minister of Defense of

the SR and Juraj Miškov, the Minister of Economy of the SR in India. Andrea Gulová in her presentation introduced current indicators of Slovak economy – the best conditions in the CEE region from the point of view of the investment environment quality confirmed by several renowned institutions, forecasted one of the highest growths in the EU, transparent tax system, membership in Euro zone and high labor productivity.

During the discussion the Indian guests were interested in the conditions of entering Slovak military industry, air and water transportation as well as our experience with transition to Euro and Slovak bank system.



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