



# Why Invest in Serbia?

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# Welcome to Serbia!



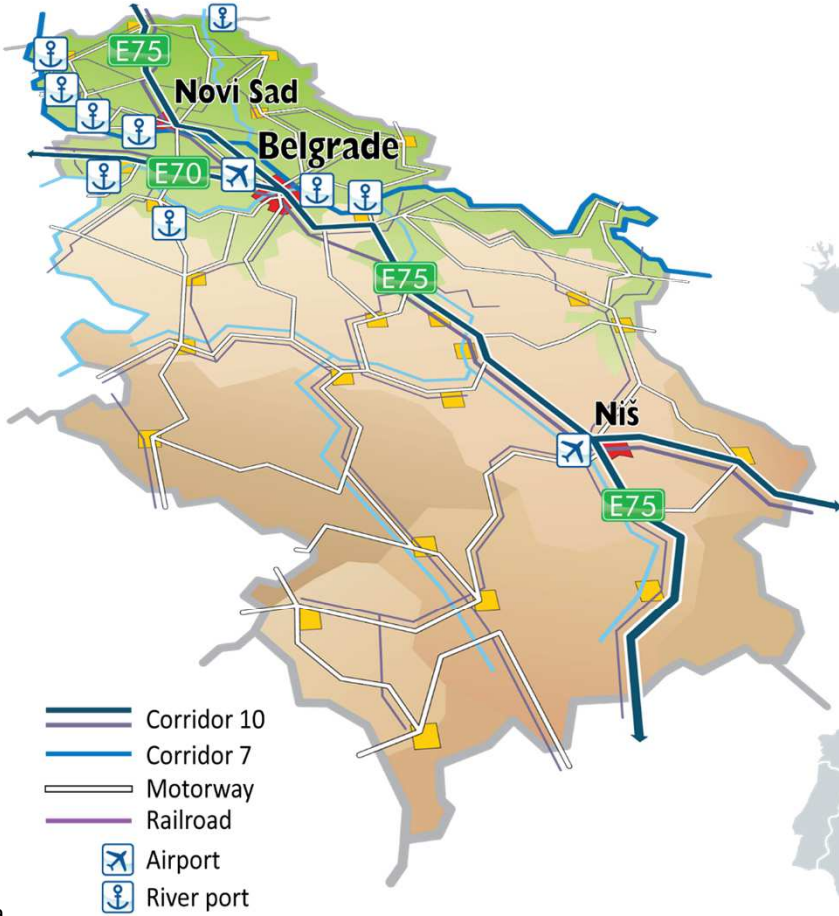
RAS

 88,361 km<sup>2</sup>

 7.12 million\*

 Currency: Serbian Dinar (RSD)

\* Data does not include Kosovo and Metohija





I have been nothing but impressed by Serbia - a hidden gem to the business world.

Jeff McCroskey, VP Services, Europe, NCR



The business environment is stable, and it offers transparent market conditions, which creates a good starting point for our business growth in a long run.

Marco Aspesi, VP Corporate Transformation at SR Technics

Serbia has continued its path towards EU membership: negotiation process has officially started

On WB Doing Business List 2016, Serbia moved up by 32 places and is now ranked 59th globally

City of Belgrade has been named a City of the Future in Southern Europe by the Financial Times



## Automotive

- Top technical education at all levels - wide availability of highly-qualified staff
- The perfect geographic location for efficiently serving EU, SEE and Middle East
- Sufficient capacity for large volumes of production



## IT

- Serbia is home to 1,600 innovative IT companies employing more than 14,000 people
- Microsoft's 4th development center in the world opened in Serbia
- Expertise in custom, high-end IT development, including software, hardware, and solutions



## Metalwork and Machine Building

- One of Serbia's core industries with the longest manufacturing tradition
- Most of the companies are export-oriented because of internationally acknowledged quality and competitive prices
- Highly-skilled workers and competitive labor costs



## Aerospace and Defense

- Century-long tradition and reputation
- World class workforce
- Close relations with countries anticipated to have the highest growth in aerospace and defense spending



## Agriculture, Food and Beverages

- Serbia is a global leader in the export of frozen raspberries with \$236.5 million exported in 2014 and world No.1 producer of raspberries in 2015
- Over 6.12 million Ha of agricultural land, of which 60% is arable
- Sector accounts for 13.1% of FDI since 2001
- One of the few industry sectors recording a trade surplus



## Textile

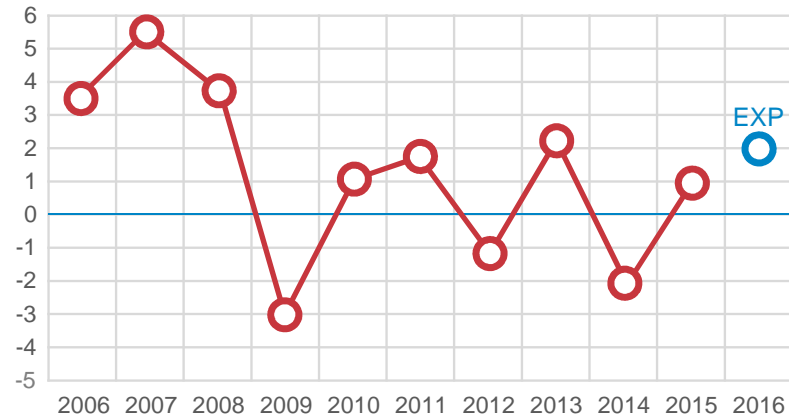
- Long tradition in providing services to global industry leaders
- Developed educational system that includes both secondary schools and university levels
- Highly export-oriented sector, with more than 1 billion euros of total export in 2014, out of which 70% was absorbed by EU market



## Forest Based Industry

- Tradition and experience in producing hard wood furniture
- Large opportunities in sawn wood, engineered wood products, furniture, and paper production
- Top-quality raw base materials

### GDP Growth Rate (%)



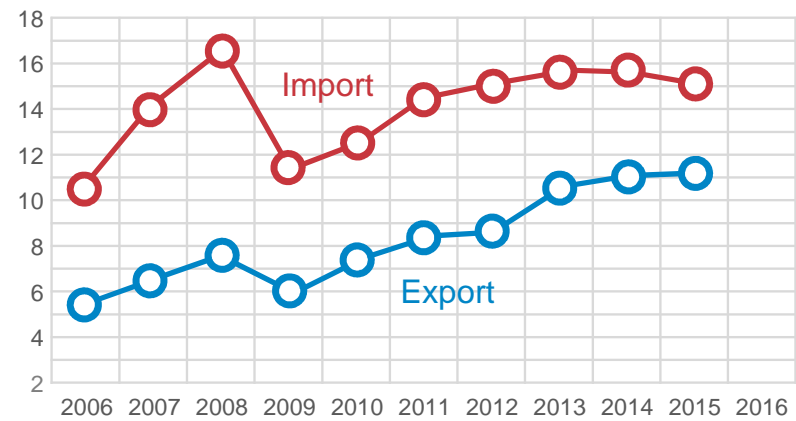
### Inflation (%)



### Unemployment Rate (%)



### Import and Export (billion EUR)



# Success in Attracting FDI



More than

€26  
billion

of inward foreign  
direct investment  
since 2000

2007	2008	2009	2010	2011	2012	2013	2014	2015
3,219	2,711	2,100	1,278	3,544	1,009	1,548	1,500	1,700

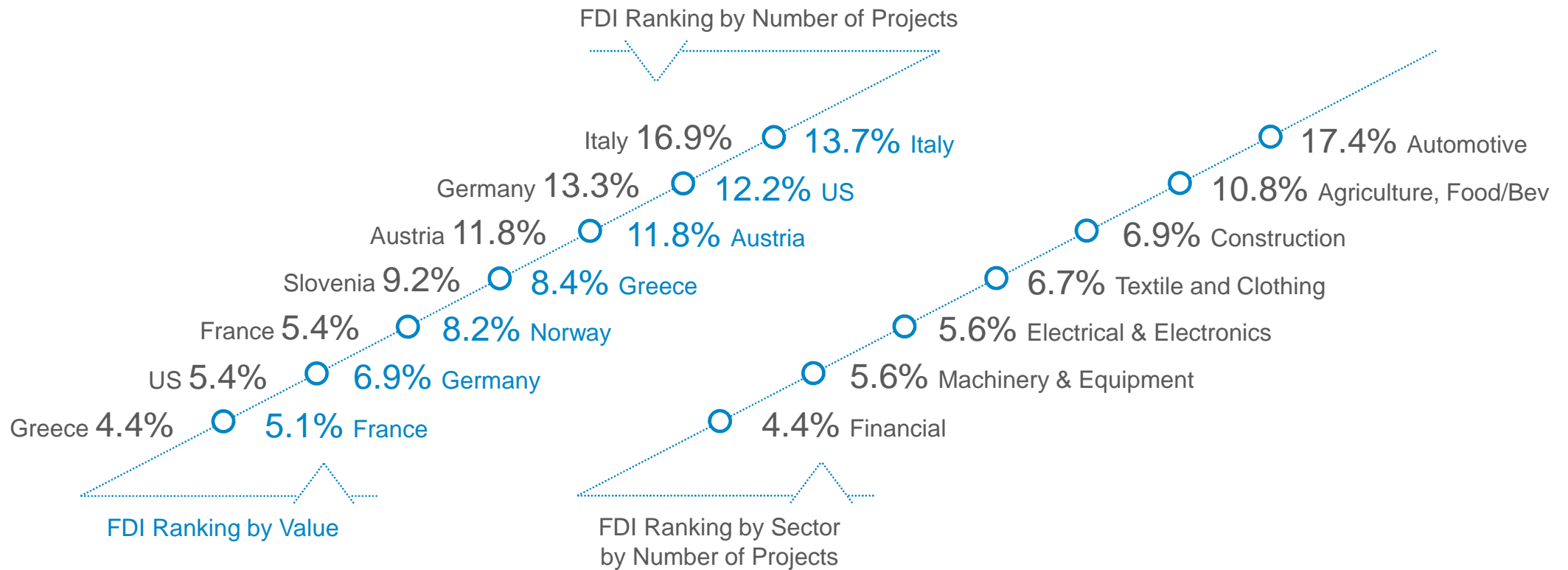
Net Inflow of FDI in Serbia (million EUR)

Source: National Bank of Serbia

Join the Pool of the Successful



# Success in Attracting FDI

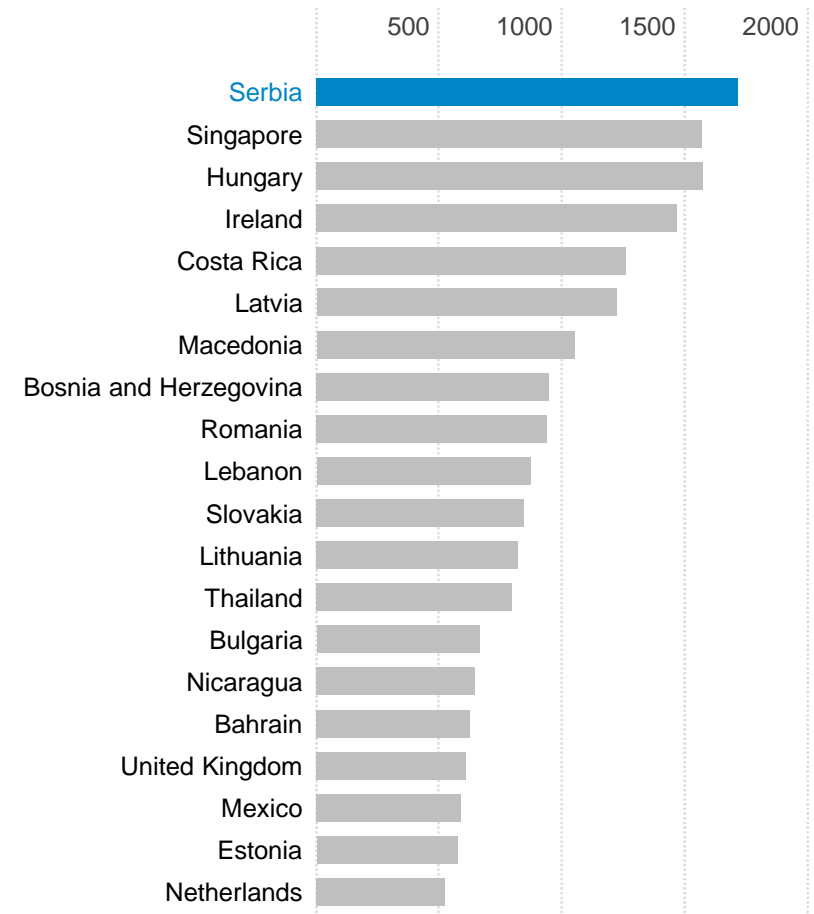




# Success in Attracting FDI



- In the IBM Global Locations Trends 2014 report, Serbia continued to show strong results for the third year in a row, as the next wave of preferred locations for companies in Europe
- Measured by the number of jobs relative to the size of the population, Serbia has regained its position as the top investment destination country in the world





RAS

## Why Invest in Serbia?

# Why Open a Business Support Services Center in Serbia?



The attractiveness of the location, logistics advantages, availability of skilled workforce, and a very good support of the Government of the Republic of Serbia and the local community are the main reasons why the Bosch Group decided to invest in the municipality of Pecinci and the Republic of Serbia.

Mrs. Jovanka Jovanovic, General Manager of Robert Bosch Serbia



We saw Serbia as a country with good strategic position, adequate infrastructure and great human resource potential. Being at a unique position in the European market, Serbia offers diverse possibilities and, above all, high quality workmanship.

Mrs. Silvia Verneti - Blina, Director FCA Serbia

1

Availability of  
High Quality  
Labor

2

Competitive  
Operating  
Costs

3

Customs-Free  
Access to 1.1B  
Consumers

4

Financial  
Benefits and  
Incentives

5

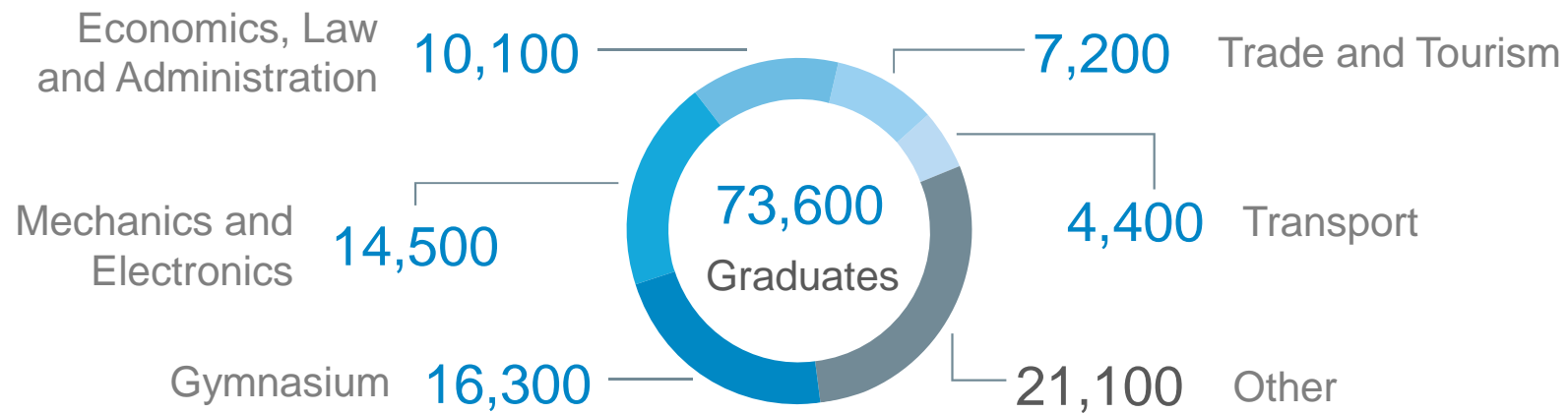
Optimal  
Geographic  
Location

6

Proactive and  
Supportive  
Government

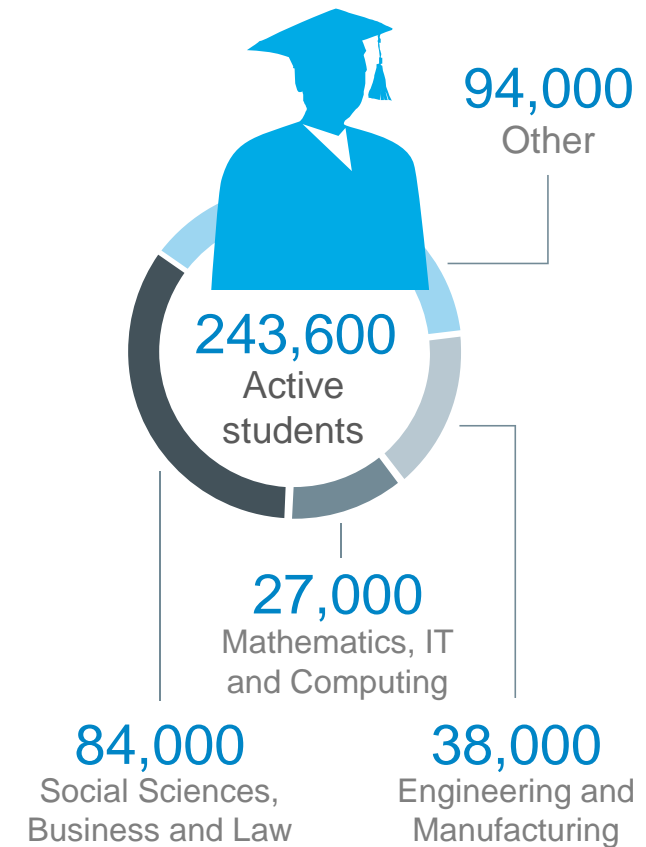
## High School Education

There are 503 high schools in Serbia, with approximately 73,600 graduates each year:

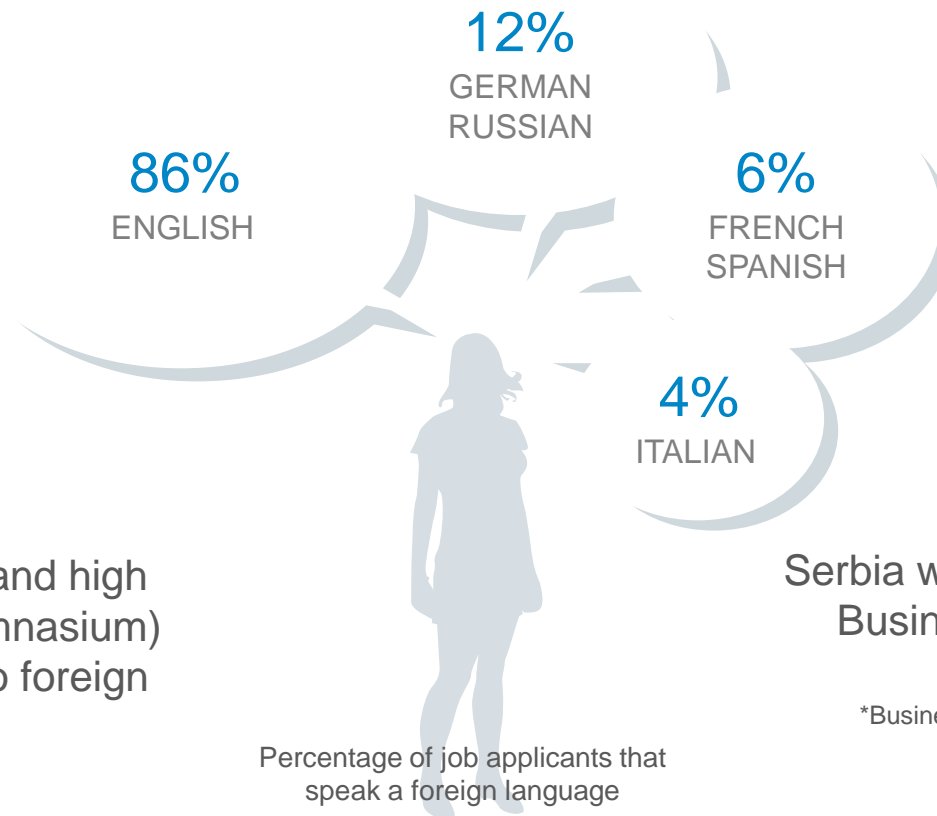


## University Education

- There are 8 public universities in Serbia (85 faculties) and 9 private universities (51 faculties)
- The number of enrolled students is increasing each year
- University of Belgrade is ranked in top 400 universities in the world according to the Shanghai Ranking (top 200 in Physics and Mathematics)
- Universities have advanced programs in sciences: engineering, IT, physics and mathematics



## Foreign Language Proficiency



Elementary school and high school students (gymnasium) traditionally take two foreign languages.

Serbia was ranked 4<sup>th</sup> out of 76 countries in Business English Proficiency by BEI\*.

\*Business English Index, Global English Corporation, 2012.

Percentage of job applicants that speak a foreign language

”

This initiative demonstrates our confidence and trust in Serbia, its industry, management competence and the skill of its workers.

Mr. Sergio Marchionne, CEO, FCA

”

Schneider Electric recognized knowledge, innovation and experience of young engineers in Serbia and invested resources in the DMS from Novi Sad, which is now a global center of Schneider Electric research, development and production of software for optimal management of electricity distribution.

Mr. Dragoljub Damljanovic, General Manager, Schneider Electric Serbia

”

BPE Belgrade employs local workforce in all segments of operation, not only in the production process. We have created one of the world's best teams in the industry; our employees now take on central functions, provide support to the head office, as well as to other factories in the group worldwide.

Mr. David Banjai, Former Ball Packaging Europe Belgrade General Manager

## Availability of Labor

**17.3%**  
Unemployment  
Rate

**43%**  
Unemployment Rate  
(under 30 years old)

### Structure of Unemployed by Level of Education

Level of Education	Number of Unemployed	%
Elementary School	227,319	31.4%
High School	392,798	54.3%
University and College	103,979	14.4%
<b>Total</b>	<b>724,096</b>	<b>100%</b>

### Structure of Unemployed by Age

Age Group	Number of Unemployed	%
15-24	92,215	12.7%
25-34	178,401	24.6%
35-44	171,799	23.7%
45-54	168,866	23.3%
55-64	112,815	15.6%
<b>Total</b>	<b>724,096</b>	<b>100%</b>

Source: National Employment Service, Republic of Serbia

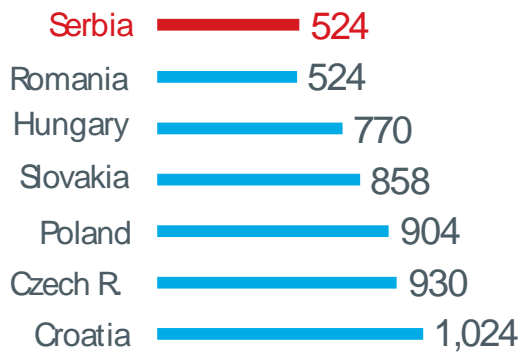


# Competitive Operating Costs

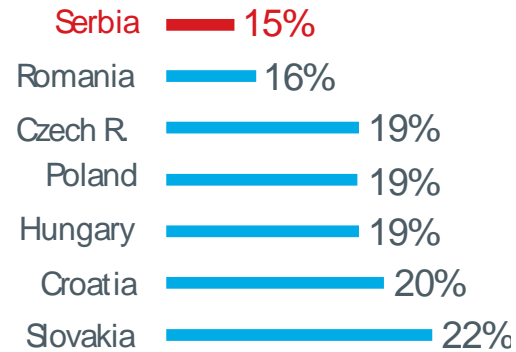


According to EUROSTAT, Serbia has the lowest costs of electricity, gas, other fuels and landline telephony among 37 European states.

Average Gross Monthly Salary (EUR)



Corporate Profit Tax



Source: The Vienna Institute for International Economic Studies, 2015

## Cost Savings vs EU-28 Average

Labor



Electricity, Gas and Other Fuels



Transport Services

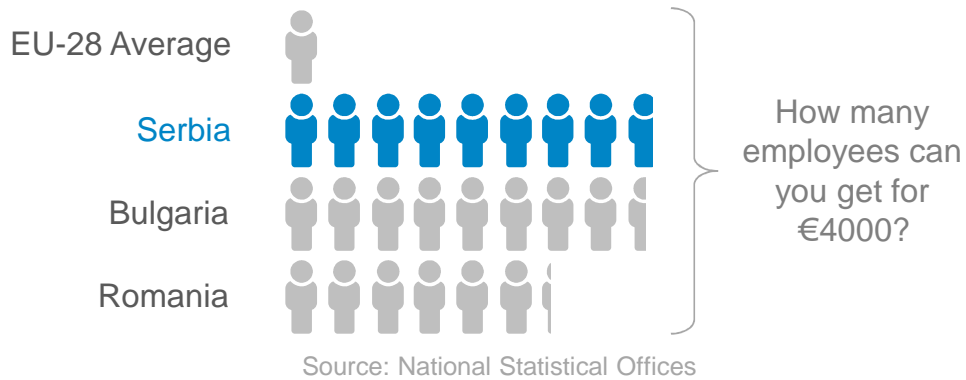


Office Space Rental

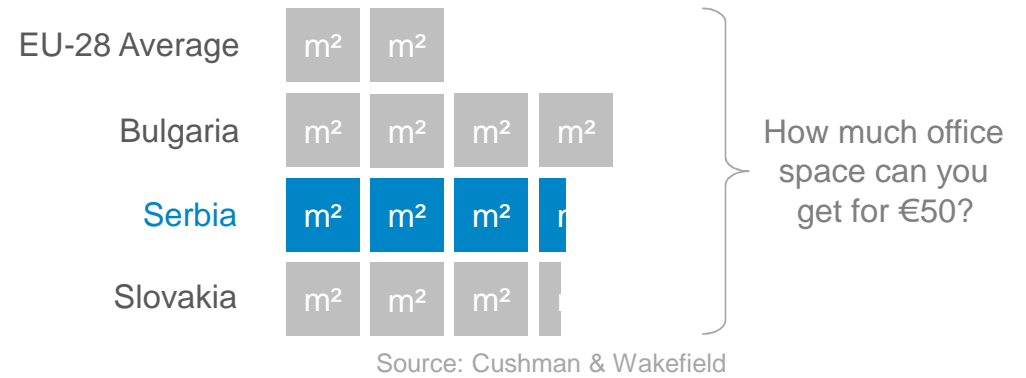


# Competitive Operating Costs

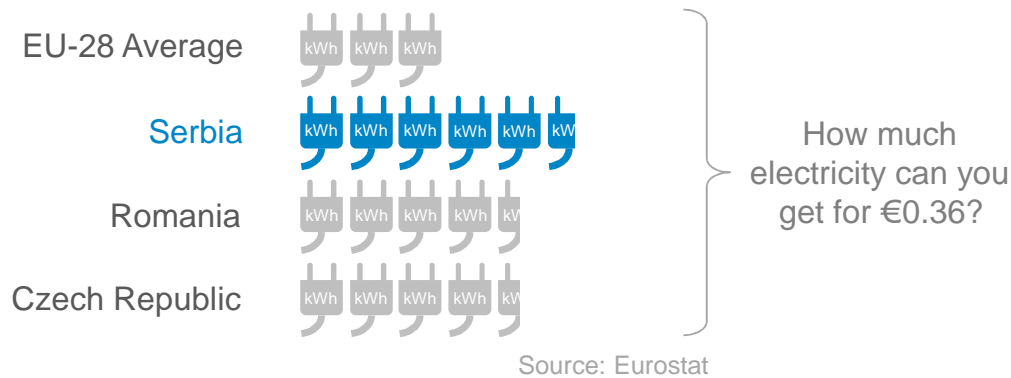
## Labor - Monthly Gross Salary



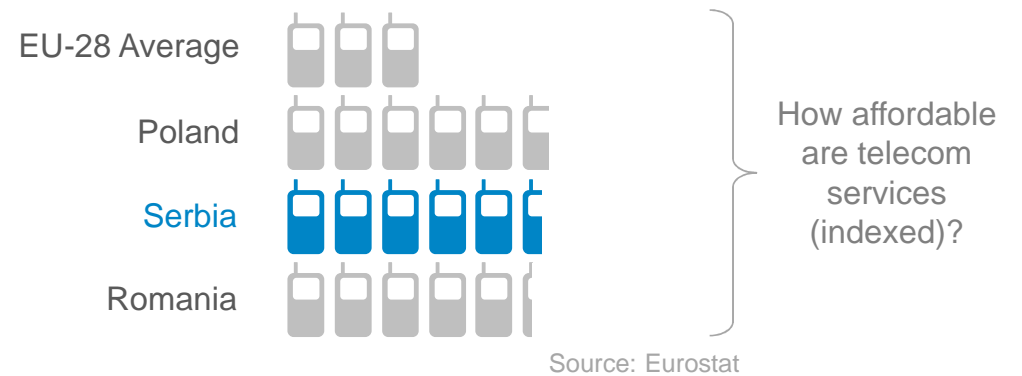
## Office Space Rental per Month



## Electricity

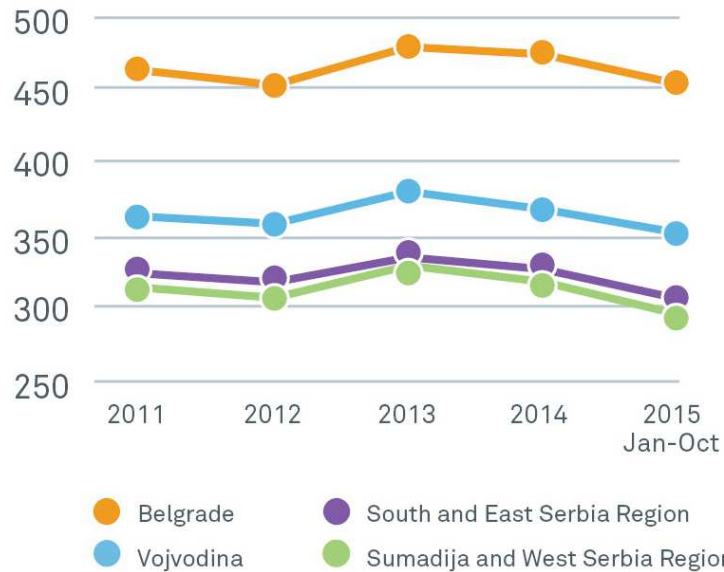


## Telecommunications



# Competitive Operating Costs

Average Net Salary by Regions (EUR)



Old Build 1-2.5€/m<sup>2</sup>  
New Build 3-5€/m<sup>2</sup>

Industrial Facility  
Lease Cost



200-400€/m<sup>2</sup> Average Building Cost



0.067 €/kWh

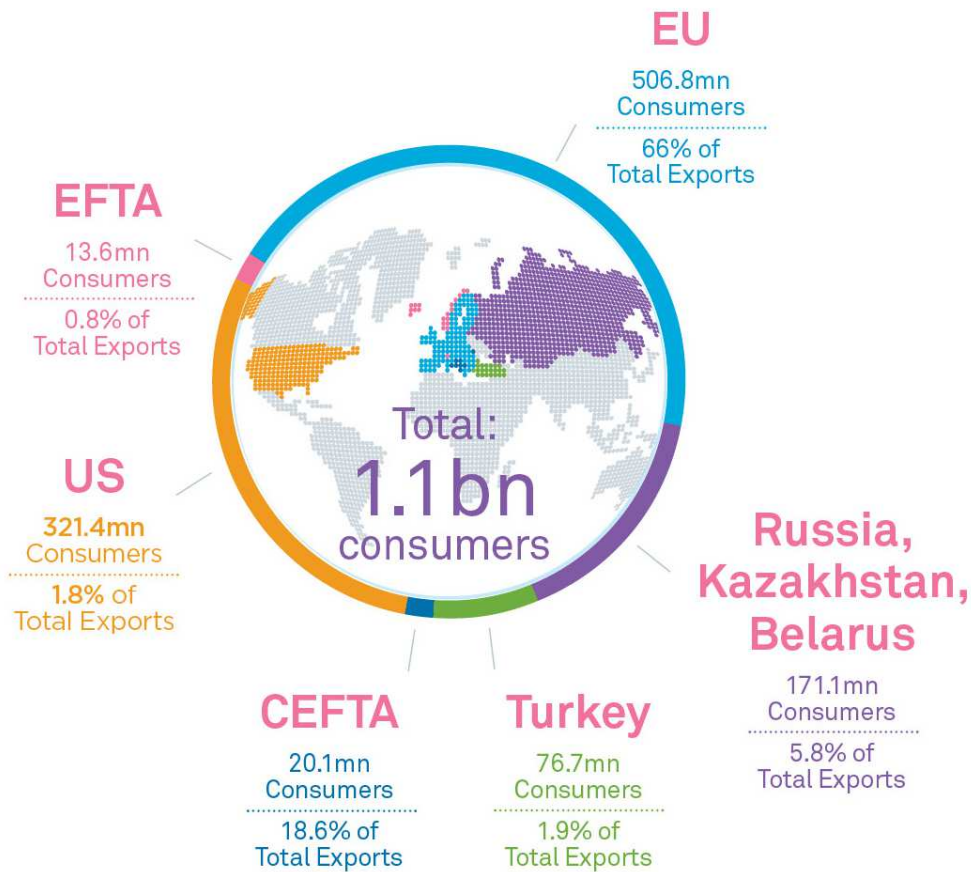


0.6-1.3 €/m<sup>3</sup>



0.038-0.042 €/m<sup>3</sup>

# Customs-Free Access to 1.1bn Consumers



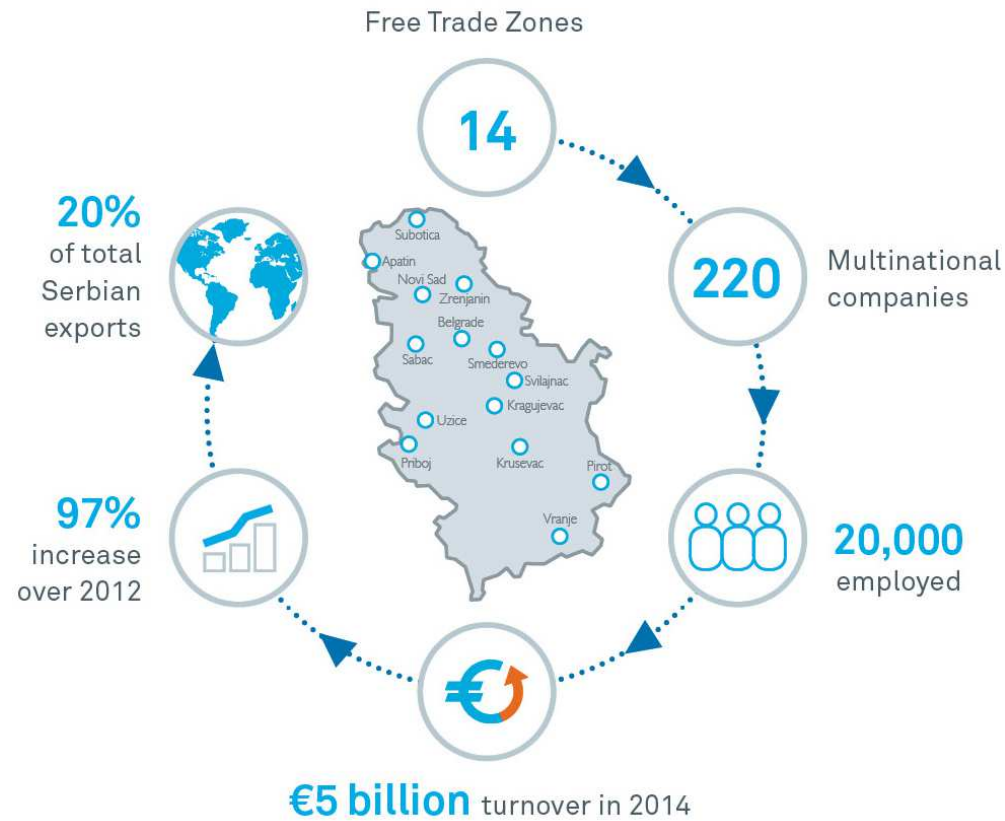
The existence of educated and skilled workforce, incentives to investors, and the free trade agreements with the Russian Federation and Turkey, as well as developed infrastructure and favorable geographical position were the key factors for Grundfos investment to Serbia.

Jim Toft Nielsen, General Manager, Grundfos Serbia

## Did you know?

Serbia is the only country outside of the Commonwealth of Independent States that has a Free Trade Agreement with the Russian Federation.

## Free Trade Zones



## Financial Incentives

To offset initial capital investments and ease the start-up of business endeavors, the Government of Serbia offers financial support for projects in the services sector which may be subject to international trade.

## Corporate Income Tax Incentives

A 10 year Corporate Income Tax Holiday is available for investors who hire more than 100 employees and invest more than 8.3 million euros (1 billion RSD). Tax holiday begins once the company starts making a profit.

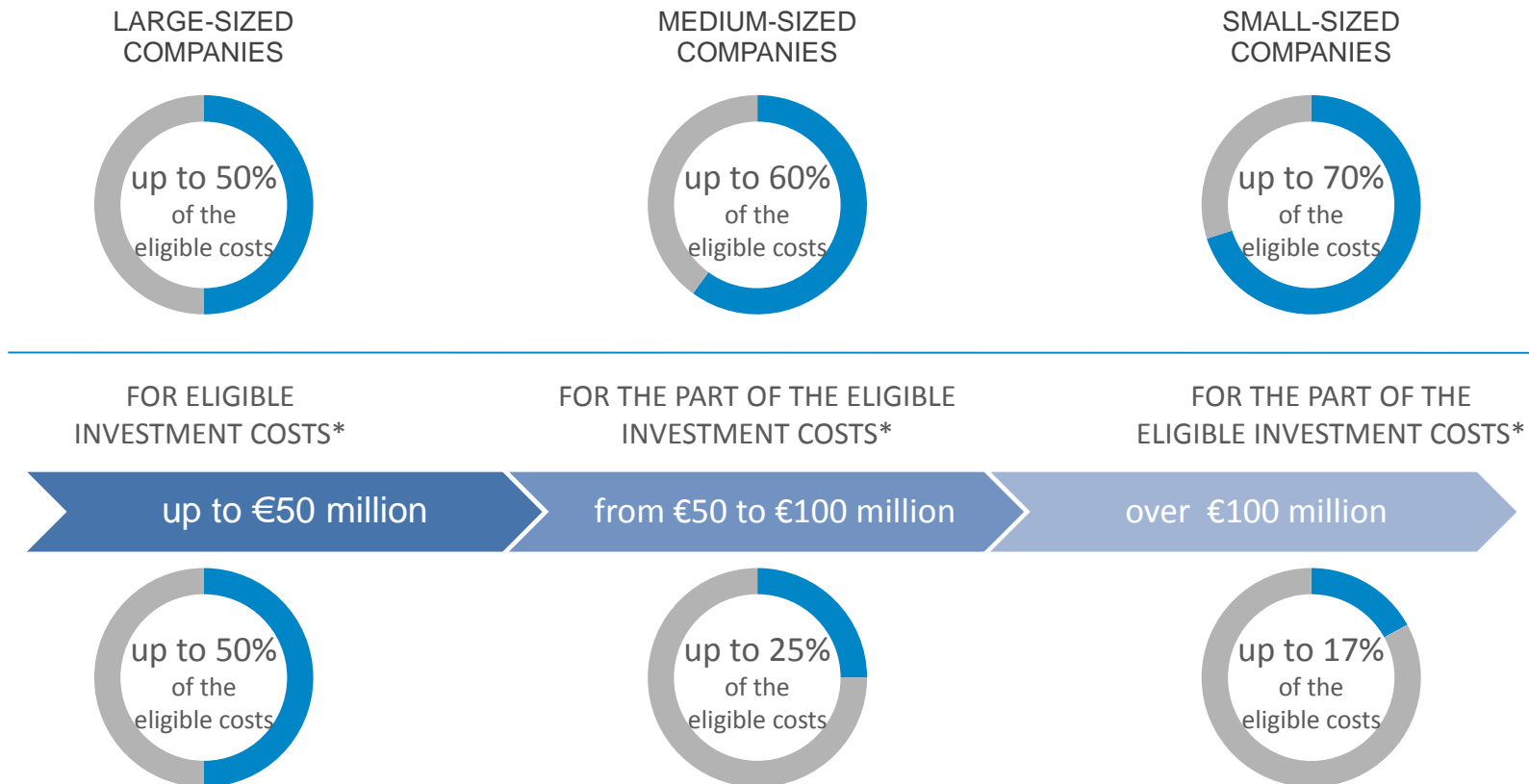
## Payroll Tax Incentives

Employment of people who were registered with the National Unemployment Agency for more than 6 months entitles employers to a sizable relief of taxes paid on net salary from the moment of employment until December 31, 2017:

- 1-9 new jobs: 65% reduction
- 10-99 new jobs: 70% reduction
- 100+ new jobs: 75% reduction

(payroll tax incentives can't be combined with Financial Incentives)

## LEVEL OF FUNDS WHICH MAY BE AWARDED FOR INVESTMENT PROJECTS



\* Eligible investment costs are investments in fixed assets, or costs of 2-year gross salaries for new jobs after the implementation of the investment project.

# Financial Benefits and Incentives

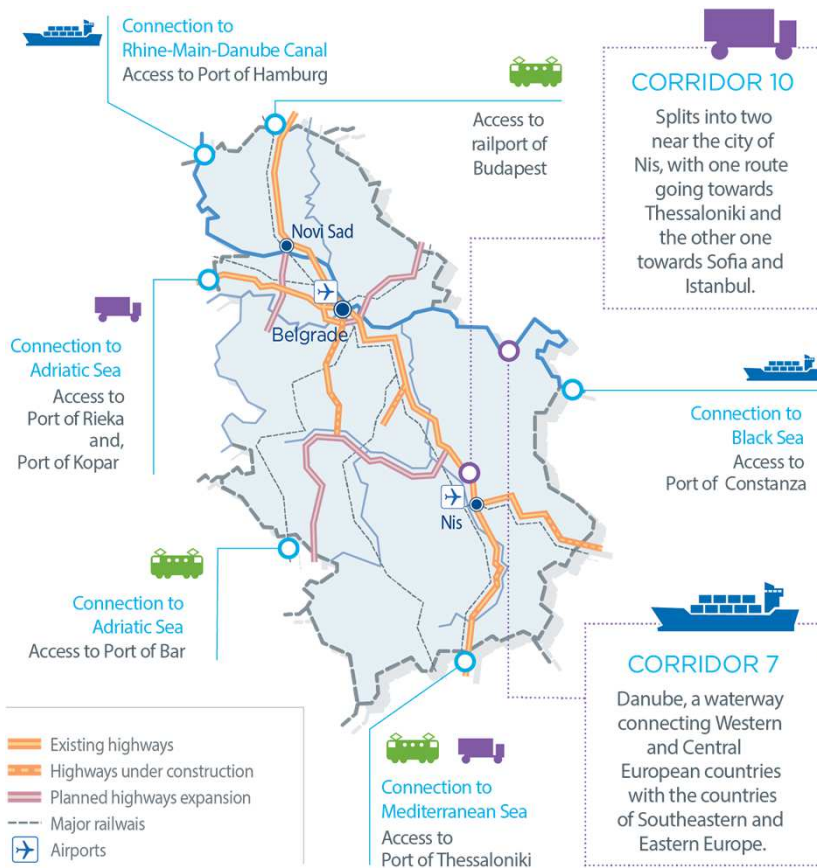


LEVEL OF DEVELOPMENT OF THE LOCAL MUNICIPALITY	MINIMUM NUMBER OF NEW JOBS CREATED*	MINIMUM LEVEL OF INVESTMENT*	LEVEL OF INCENTIVES			INVESTMENT PROJECTS IN THE SERVICES SECTOR  APPLICABLE TO ALL GROUPS OF LOCAL GOVERNMENTS BY THE LEVEL OF DEVELOPMENT
			Percentage of 2-year gross salaries	Percentage of Investment in Fixed Assets (OPTIONAL)	Bonus for Labor Intensive Projects (OPTIONAL)	
I	50	600,000 EUR	20% MAX 3,000 EUR per employee	+ up to 10%	For more than 200 employees +10% of the sum of 2-year gross salaries  For more than 500 employees +15% of the sum of 2-year gross salaries  For more than 1000 employees +20% of the sum of 2-year gross salaries	min 20 new jobs created  min €150,000  * of the eligible investment costs
II	40	600,000 EUR	25% MAX 4,000 EUR per employee	+ up to 15%		
III	30	300,000 EUR	30% MAX 5,000 EUR per employee	+ up to 20%		
IV	20	150,000 EUR	35% MAX 6,000 EUR per employee	+ up to 25%		
V (Devastated Regions)	20	150,000 EUR	40% MAX 7,000 EUR per employee	+ up to 30%		

\* Applies only for investment projects in internationally marketable service sector (minimums for other sectors are higher)



# Optimal Geographic Location



The existing infrastructure, speed of issuance of building permits, administrative procedures and existing transport corridors and logistics, provide solid and stable business environment, similar to the business environment in the EU.

Mr. Zivko Topalovic, CEO, ContiTech Fluid Serbia (Continental AG)

Investments into infrastructure continue to be one of Government's top priorities.

2015 2016

91.1 km  
constructed highways

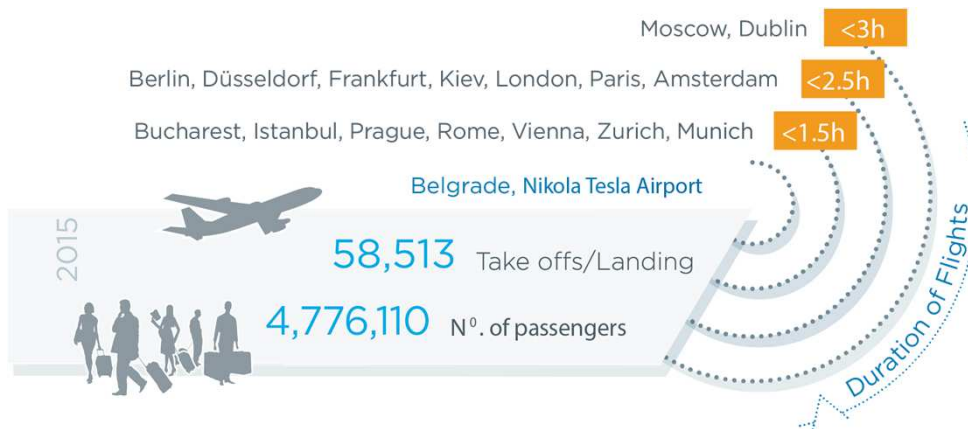
90.7 km  
highways to be constructed

190 km  
of roads rehabilitated

1,100 km  
of roads to be rehabilitated

## Getting to Serbia is easier than ever!

Belgrade International Airport has experienced a growth of more than 40% over the past two years with the formation of the national airline - Air Serbia.



## Staying close to your customers

Serbia's optimal geographic location keeps you close to your customers with the ability to serve most EU markets by road in less than 24 hours.



- The Government of the Republic of Serbia is committed to developing a stable and predictable business climate by continuing the implementation of overarching reforms, fiscal consolidation aimed at reducing the national debt, improvement of regional cooperation, investments into infrastructure, and reform of the educational system.
  
- Over the past year, the Government has improved the business climate by changing the following laws:
  - Labor Law
  - Privatization and Bankruptcy Law
  - Planning and Construction Law
  - Law on Investments



There is no bigger happiness or greater cause than a fight for modern Serbia.

Aleksandar Vucic, Prime Minister of the Republic of Serbia



The Serbian government has also moved ahead with an ambitious economic and structural reform agenda which will contribute to a more attractive business environment: restoring growth, improving competitiveness and creating new jobs.

Mr. Johannes Hahn

European Commissioner for European Neighborhood Policy and Enlargement Negotiations

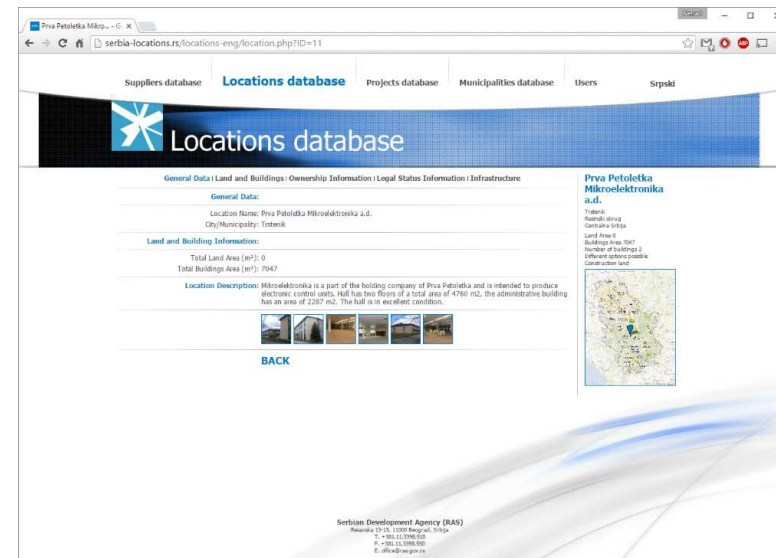
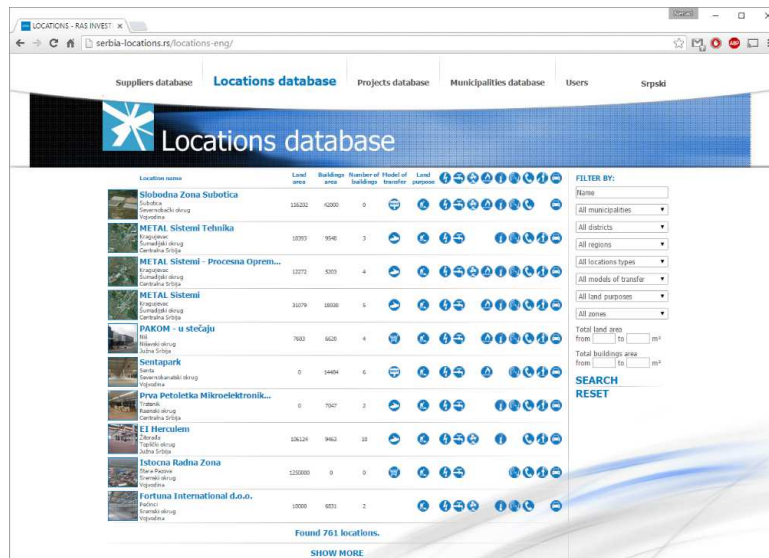


RAS

# Serbian Development Agency - RAS

- Serbian Development Agency is a government organization dedicated to facilitating and implementing direct investments, promoting and increasing exports, improving the competitiveness of Serbian economy, as well as reputation, and economic and regional development of the Republic of Serbia
- RAS provides support to investors from the initial, question and answer stage of the investment all the way through the implementation and the entire lifecycle of the investment
- RAS Direct Investment Advisors are available at all times to answer any questions or provide assistance

RAS Locations Database represents the most up to date registry of available greenfield and brownfield locations for investment in Serbia including general data, land and building information, ownership information, legal status and infrastructure.



<http://www.serbia-locations.rs>

# Suppliers Database



RAS Suppliers Database represents the most up to date registry of companies in Serbia that can supply raw materials, goods and services to investors in Serbia.

Company name	Sector	Foundation year	Number of products	Number of employees
Yumis d.o.o.	Food and Beverage, Agriculture	2005	11	240
NIS	Chemical	2005	12	7077
Zvezdara Smederevo d.o.o.	Metallurgy and Metalworking	1913	2	8228
Yara Corporation doo	Automotive industry	2004	1	4637
Swedlon - Takovo	Food and Beverage, Agriculture	2007	9	2762
TIGAR TYRES d.o.o.	Automotive industry	2007	7	2007
DAD Dräxlmaier Autom...	Automotive industry	2007	1	2084
LEONI Wiring Systems...	Automotive industry	2009	1	1946
Tigar ad	Chemical	2008	6	1813
HEP petrolejima a.d.	Chemical	1975	0	1706

**Metalac Posude**

Company Name: Metalac Posude  
Registry Code: 20108517  
VAT Number: 194182281  
Foundation Year: 2005  
Parent Company:  
Country of Origin:

Address: Kneza Aleksandra 212  
Town: Gornji Milanovac  
Postal Code: 32200  
Municipality: Gornji Milanovac  
Phone Number: +381 32 770 388  
Fax Number: +381 32 723 425  
E-mail: marketing@metalac.com  
Web: metalac.com

Sectors: Metallurgy and Metalworking  
Metallurgy and Metalworking - Household articles, metal  
Electrical and Electronics  
Electrical and Electronics - Household and kitchen equipment, electric and electronic.

Markets:

Technologies employed:

Quality management:

Contacts: Ms. Marina Jević - Contact person  
+381 32 770 329

Products: Enamel cookware

<http://serbia-locations.rs/suppliers-eng>





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