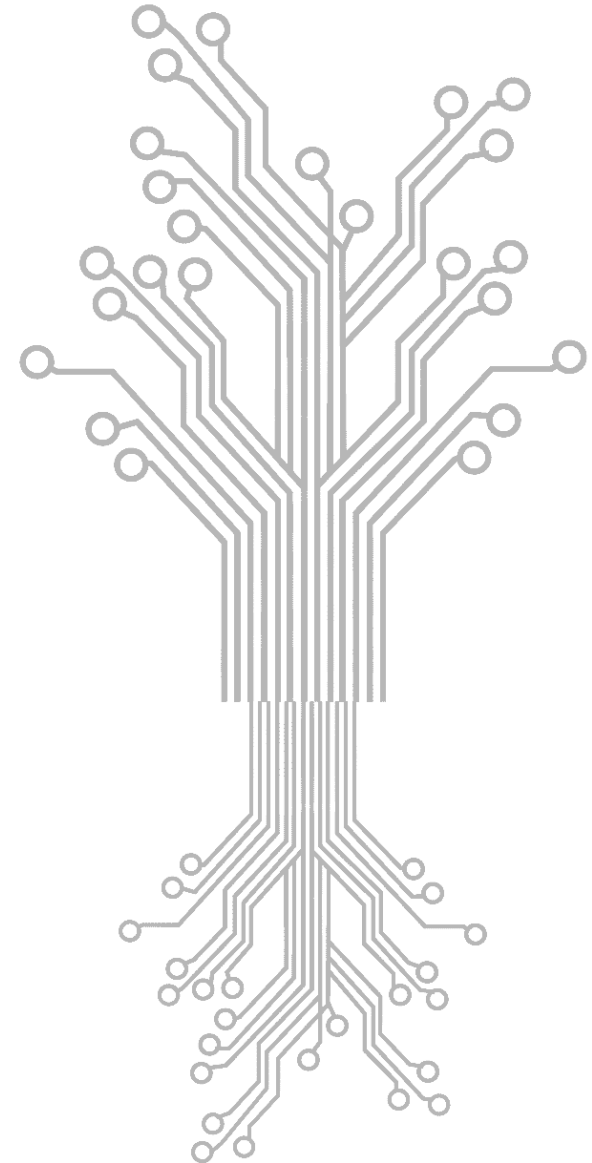


Business opportunities in southern Poland

Krakow, 2012



Stability, predictability and quality - Poland in the World's FDI reports



Central and Eastern Europe was ranked the **most attractive region** for FDI over the next 3 years just ahead of China.



Poland was 6th in 2009 in the ranking of The Foreign Direct Investment Confidence Index



Małopolska 1th place in *European Cities & Regions of the Future 2012/2013, FDI Strategy – Eastern Europe Regions*



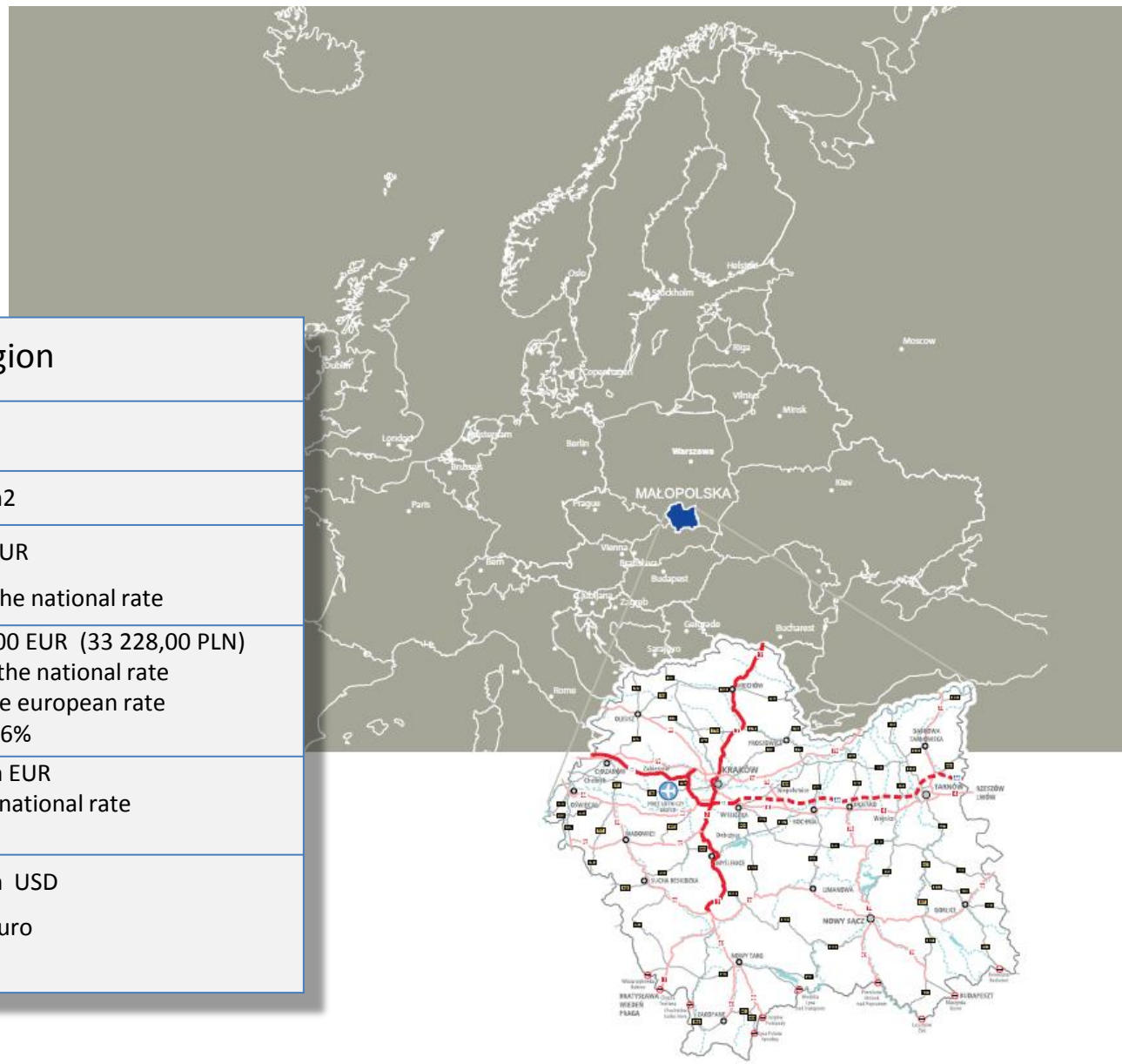
Kraków is a **2nd best place** for BPO, SSC and R&D branch location According to „SSC BPO and IT location profile”, 2009



Kraków was ranked **1st** in top emerging global outsourcing cities

Why **Małopolska** is the **best** location
for **FDI** in Europe?

| Małopolska Region | |
|--|--|
| Population | 3 280 100 |
| Area | 15 108 km ² |
| Average monthly salary | 760-800 EUR 90,9% of the national rate |
| GDP per capita in Małopolska 2010 estim. | ca. 8 307,00 EUR (33 228,00 PLN) 90,0 % of the national rate 54 % of the european rate growth: 7,6% |
| Export value / until 2009 | 4,36 bilion EUR 6% of the national rate |
| FDI value / until 2008 FDI value 2011 (estim) | 12,7 bilion USD 886 mln euro |



Kraków and Małopolska – top academic center

33 colleges and universities with Poland's oldest Jagiellonian University since 1364

11,6% of Poland's overall **R&D expenditure**

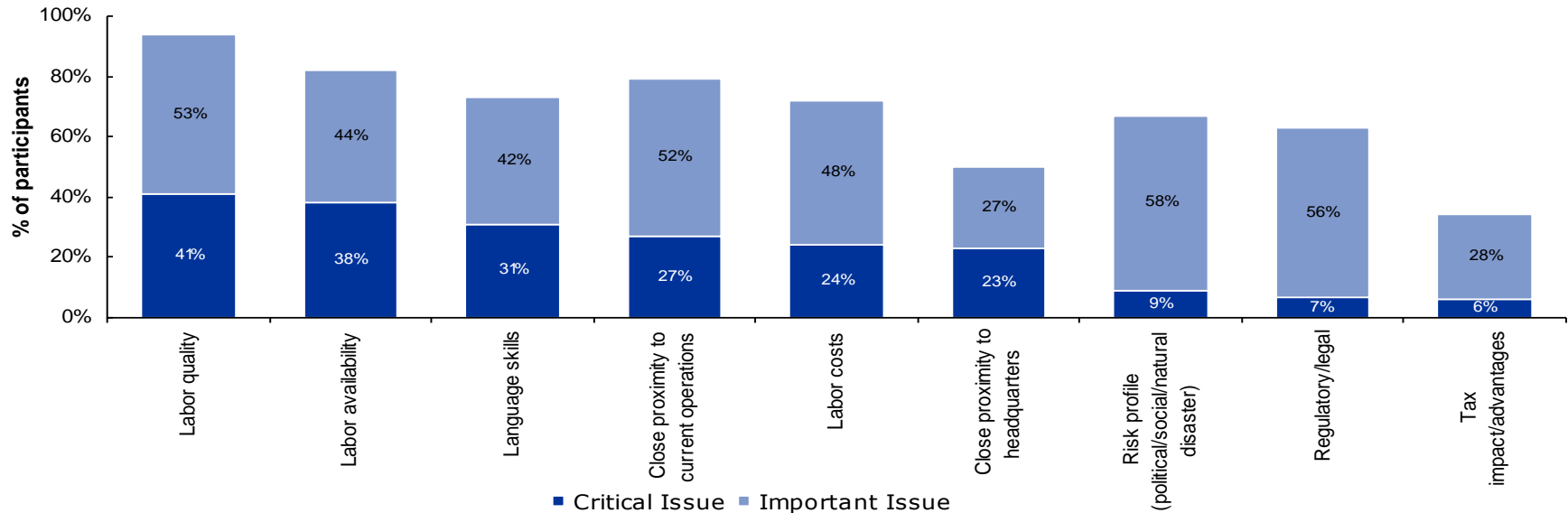
100 R&D units

over **220.000** students in Małopolska

52 000 graduates



Why doing business in Małopolska?



Location factors

Location within maximum 2 hours of flight to other Western European cities

Lower **labor costs** as compared to Western Europe

Quality of life

Frequent knowledge of the second **European language** eg. English – German

Neutral time zone, good work organization system

Tax system – **CIT of 19 %**

Special Economic Zone – until **2020**

We have gained **trust** of largest world
companies

Foreign Direct Investments in Małopolska

Main sector of the investment:

- Industry **51%**
- Services **17,3%**
- Trade **9%**
- Hotels **2%**
- Construction **1,3%**

Foreign investment in the region:

- 2,025 bln USD in 2008
- 12,0 bln USD 1989-2008

Main new investors:

- BPO / ITO sector,
- automotive,
- steel processing,
- construction (housing, retail, industry...)
- power station,
- chemistry



2011:

- IBM(18)
- State Street (253)
- Motorola corp. (116)
- Philip Morris International (94)
- Coca Cola ent. (70)
- Google (92)
- CH2M HILL (422)
- International Paper (105)
- RR Donnelly (247)
- ACS Xerox (121)



STATE STREET



CH2MHILL

INTERNATIONAL PAPER





UBS

Amway

HCL



Nidec All for dreams
Motors & Actuators

bp



Lurgi



Sabre / Travel Network

Why they chose **Małopolska**?



*„Polish programmers are technically **well-prepared**. Most of the time, it is not the result of formal education but **passion that has been developed from their earliest years**. Therefore, they are **excellent at creating algorithms** and also possess **analytical way of thinking** at the problems that are laid ahead”. Jakub Dębski, Director of Research & Development, Krakow branch.*

Source: interview for the www.wp.pl portal, September, 2008



Seiki Sakume, President of Mitsubishi Electric Europe B.V. commented: "*Amidst continuing uncertainty in the global economy, we see Poland as a market with great potential for our businesses, including factory automation, living environment systems, visual information systems, and semiconductors. By combining **Poland's well educated workforce and talented engineers** with our technological capabilities we hope to contribute to the country's success and expand our presence in the region.*"

Source: <http://www.mitsubishielectric.eu/en/press> , December 2009



Deputy president of Amway Europe, Mark Beiderwieden, has informed that this second biggest company in sale sector has chosen Krakow among 30 other places in Europe. This decision was taken based on access to **well-qualified, multilingual personnel**, safety as well as **business-friendly environment and infrastructure**.

Source: www.interia.pl , June 2010



*„Poland was selected as the newest site for Luxoft's Development Center due to the **deep pool of highly-skilled IT engineers** with **multi-language capabilities, strategic location** relative to major European cities and the region's economic strength” said Dmitry Loschinin, Luxoft President & CEO. „This new development center will leverage the talent provided by this highly regarded city and will only further improve the quality and value customers have come to expect from us”.*

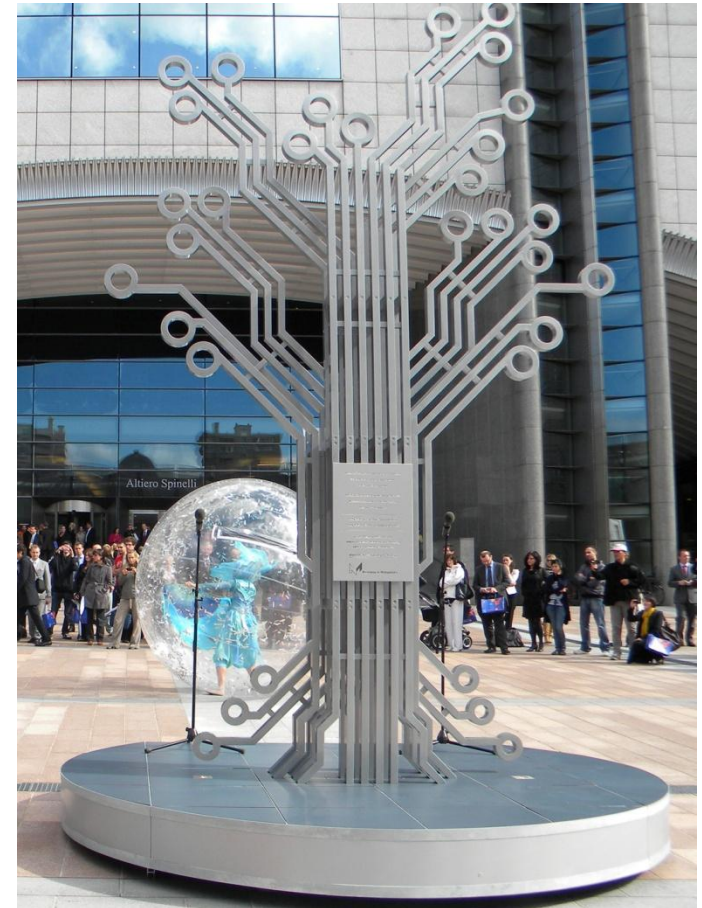
Source: www.luxoft.com, October, 2010

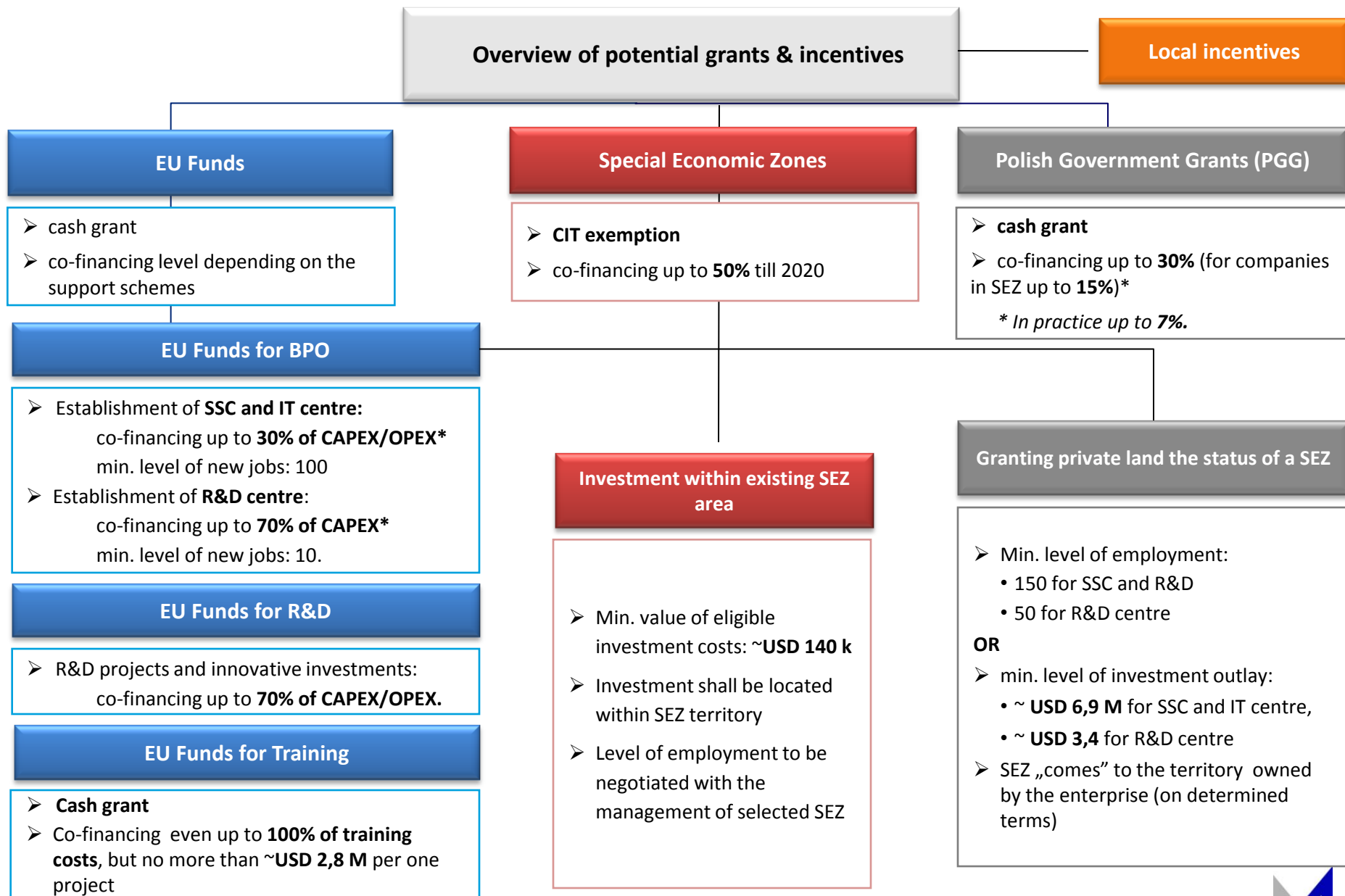
What **we can do** for YOU?

Regional network for cooperation and support for innovation

Business in Małopolska offer for investors:

- full access to economic information
- offer of investment and office areas
- assistance in achieving the public investment grants
- tax exemption for investments within the special economic zone
- preparation of applications for EU programmes
- investment consulting services
- establishing contact with regional, municipal authorities and institutions of higher education
- support in the permit approval process

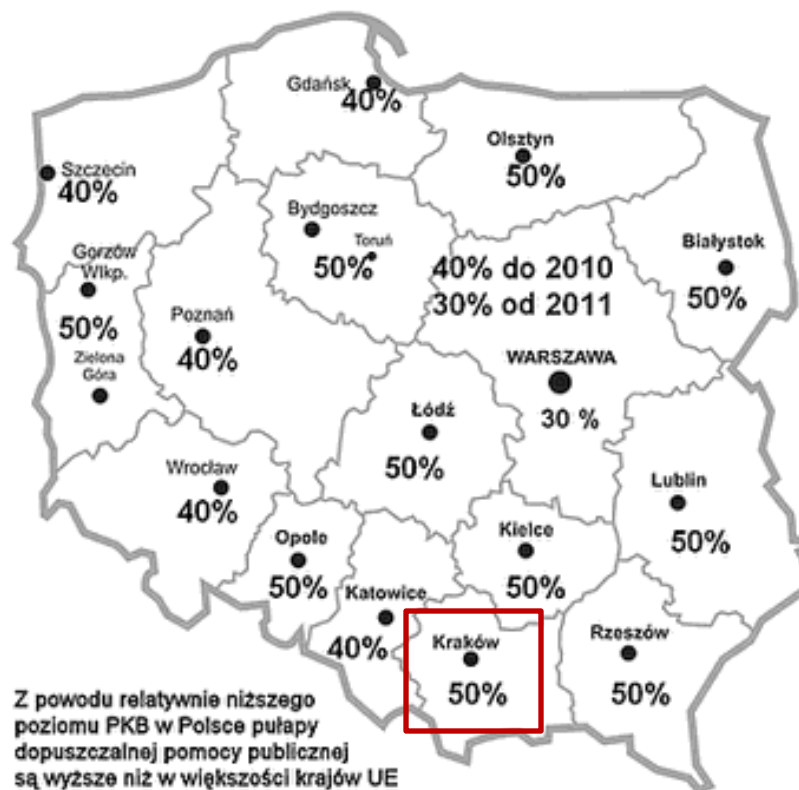




* Investment outlay or new employment costs

Public aid in Małopolska is the highest in Poland

Mapa pomocy regionalnej w Polsce w latach 2007 - 2013

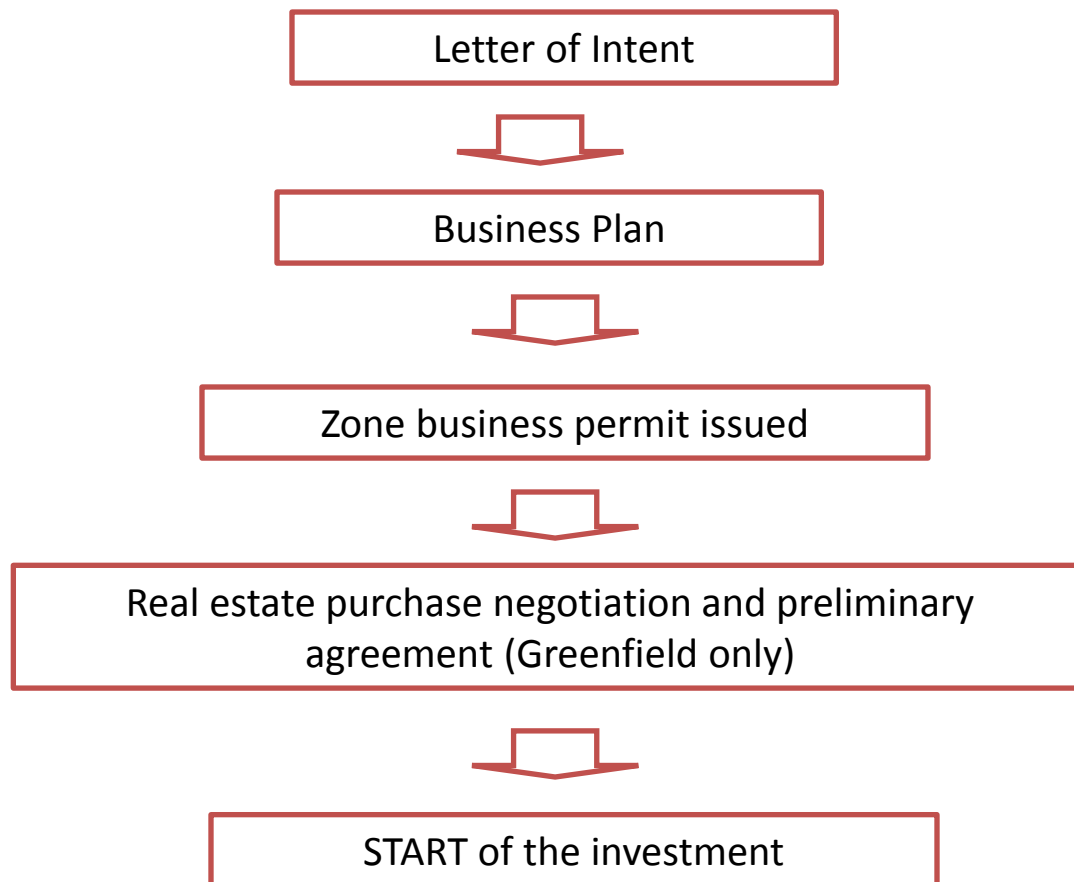


The available amount of state aid can be calculated either on the basis of investment outlays or two-year employment costs of the newly employed personnel – multiplied by the maximum intensity of the aid 50%-70%

State aid system - example

| investment (in PLN) | | new jobs | |
|----------------------------|--------------|------------------------------------|--------------|
| 1. Plot | 3 million | 1. labour cost (monthly, incl.tax) | PLN 1000 |
| 2. building | 10 million | 2. new jobs | 1000 |
| 3. other fixed assets | 11 million | 3. number of months (2 years) | 24 |
| Total (1+2+3) | | Total (1×2×3) | 24 million |
| Public aid (50%) | 12 million | Public aid (50%) | 12 million |
| Public aid (60%) | 14.4 million | Public aid (60%) | 14.4 million |
| Public aid (70%) | 16.8 million | Public aid (70%) | 16.8 million |

special economic zone - investment procedure



Overview of potential grants & incentives

Local incentives

➤ **Exemption from property tax granted under the Act on Taxes and Local Charges**

Condition: the resolution of the Commune's Council – take into account the minimum value of the investment expenses, the number of jobs created in relation to the investment, maintenance of the investment and / or jobs created in the region for 5 years after its completion.

➤ **Specific support from the local / regional institution**

In Krakow:

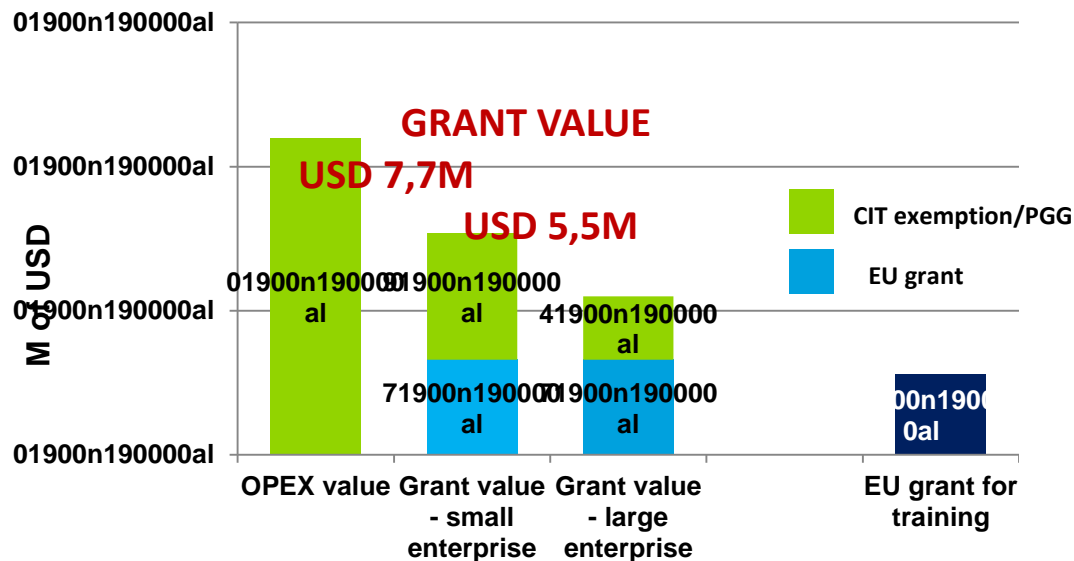
- Business in Małopolska Center (Małopolska Regional Development Agency, Małopolska Marshall Office, Krakow Technology Park)
- Regional Employment Office – „Investor” Program
- City Strategy and Development Department, Municipality of Krakow,
- British – Polish Chamber of Commerce , Krakow Branch
- American Chamber of Commerce in Krakow
- others

Road map to Krakow – case study

Road Map assumptions:

| | |
|---------------------------------------|--|
| Type of investment | Establishment of BPO centre covering activities of SSC centre (finance, accounting, administration) and IT centre in the Krakow SEZ area |
| Number of new employees | 190 |
| OPEX: 2 year costs of new employment | USD 11 M |
| Support level – EU funds for BPO OPEX | 30% |
| Aid intensity for Krakow region | 50% (70% for small enterprise) |

Funding opportunities in Kraków:





Business in Małopolska

www.businessinmalopolska.com

