



Investment Climate in the Czech Republic



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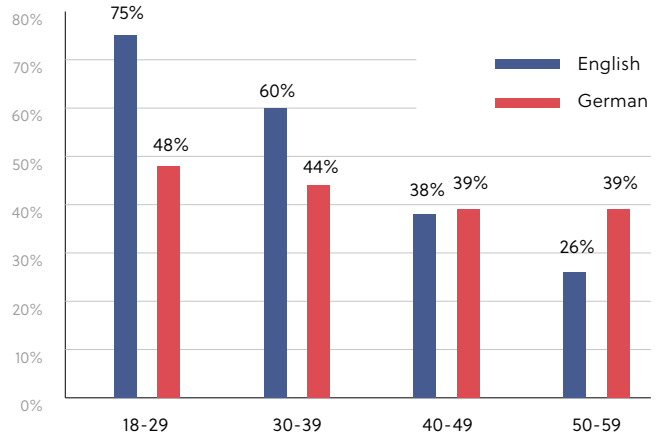


CzechInvest is an agency of the Ministry of Industry and Trade. Established in 1992, the agency contributes to attracting foreign investment and developing domestic companies through its services and development programmes. CzechInvest also promotes the Czech Republic abroad.

Main Reasons to Invest in the Czech Republic

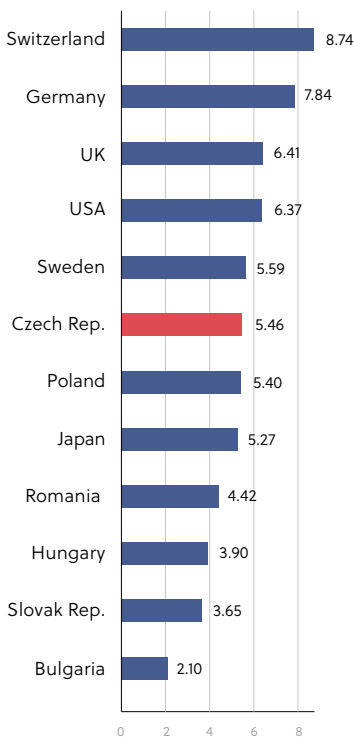
- + Safe investment environment
- + Skilled and well-educated workforce
- + Favourable labour costs and price stability
- + Central location in Europe
- + Dense and high-quality infrastructure
- + Transparent system of investment incentives
- + Strong focus on R&D
- + Stable social and political system
- + EU membership
- + Mentality, culture and attitudes similar to those of western countries
- + High quality of life

Foreign Language Skills by Age Group (%)



Source: STEM, 2014

The Czech Education System Meets the Needs of a Competitive Economy (2015)



IMD Executive Opinion Survey based on a scale of 0 to 10 Source: IMD World Talent Report 2015, IMD World Competitiveness Centre, 2016

Well-Educated and Skilled Workforce

The Czech education system meets the needs of a competitive economy, according to the IMD World Talent Report 2015 published by IMD World Competitiveness Centre. The Czech Republic can provide manufacturers with impressive productivity levels and highly skilled labour. In the 2015/2016 academic year, there were more than 91,000 students enrolled in technical fields at Czech universities. The number of university students increased from 118,000 in 1990/1991 to 326,909 in 2015/2016, due not only to changes in the education system but also to a demographic surge of 18- to 26-year-olds who comprise a promising group of potential employees for foreign investors. According to a survey conducted by STEM for CzechInvest in 2014, 72% Czechs aged 18 to 59 speak at least one foreign language and their knowledge is rapidly improving.

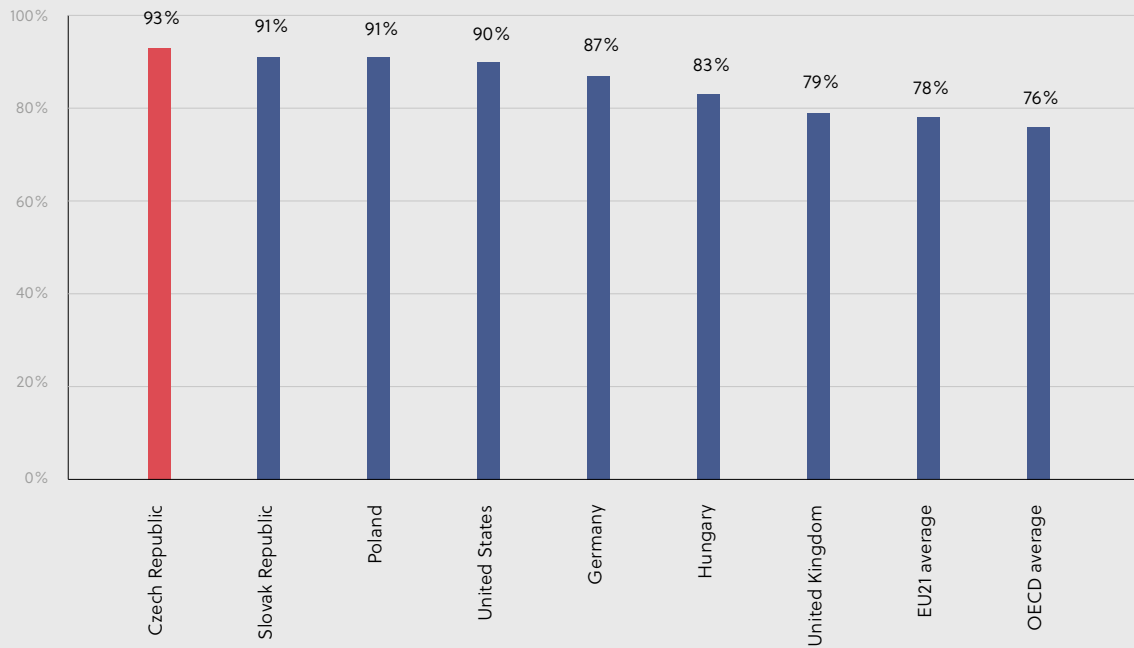
Proven Research and Development Capabilities

The Czech Republic spends more resources on research and development than many competing countries. Over the past twenty years, the Czech Republic's spending on R&D has increased from 0.95% of GDP to 2% (2014). Many multinationals have Czech

R&D or design centres, including Panasonic, Honeywell, Mercedes-Benz, Motorola, Rockwell Automation and Visteon. Czech scientists are behind some of the world's well-known inventions and patents, such as soft contact lenses, polarography (a Nobel-prize-winning method of quantitative analytical measurement) and the anti-HIV drugs cidofovir (Vistide®) and tenofovir (Viread®), to name only a few.

Using financial resources obtained from EU structural funds, new research centres are being established with the objective of becoming prestigious European science centres with state-of-the-art infrastructure and conditions making it possible to employ the best researchers. Among these are the Central European Institute of Technology in Brno focusing on life sciences and advanced materials and technologies; the International Clinical Research Centre in Brno targeted at prevention, early detection and treatment of cardiovascular and neurological diseases; IT4Innovation in Ostrava, a large supercomputer facility combining IT research and applications; and two research centres located near Prague – Biotechnology and Biomedicine Centre and Extreme Light Infrastructure, which operates the world's most powerful lasers.

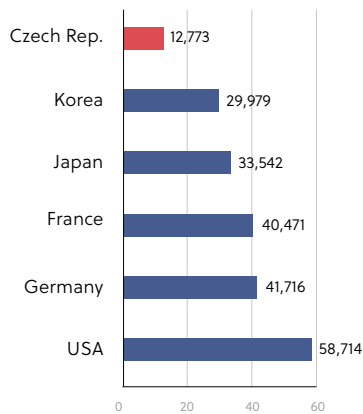
Percentage of the population that has attained at least upper secondary education as of 2014 (% of the 25-64 age group)



Source: Education at a Glance, OECD Indicators, 2015



Average Annual Wages in 2015 (USD)



Differences in wages among Czech regions reach approx. 20%. Employees in Prague are generally paid more than in other regions (currently 28% above the Czech average).

Source: OECD, 2016

Favourable Labour Costs

One of the main attractions of the Czech economy is its skilled and well-educated workers available at a fraction of the cost of those in western economies. Furthermore, the country's attractiveness is rooted in its dense, high-quality infrastructure as well as its geographical and cultural proximity to Western Europe. Although the country's labor costs are higher than in some Asian countries, the above-mentioned factors far outweigh any negative aspects and make the Czech Republic an attractive destination for foreign investors. Conversely, FDI positively influences the local market and local businesses, which operate as suppliers and subcontractors of services and products for foreign investors.

Life in the Czech Republic

Since the Velvet Revolution in 1989, the Czech Republic has become a highly popular destination. Tens of thousands of foreigners have happily settled here, enjoying the country's combination of a high standard of living and low costs. Although in most respects life in the Czech Republic has rapidly approached western standards of living, the cost of living remains substantially lower than in Western Europe. Prague and many other cities are famous for their architectural heritage, museums, theatres, cinemas, galleries and cafés. An overwhelming choice of cultural events is on offer, embracing all types of music and an outstanding theatrical tradition. A number of foreign cultural centres, ranging from the British Council to the Goethe-Institut, also offer a wide range of events and services.

Central Location in Europe and Advanced Infrastructure

The Czech Republic has a strategic location in the centre of Europe with very good access to established western and emerging eastern markets. Prague is only a two-hour flight from most other European capitals. The significance of the Czech Republic as a transit hub has grown since the country became a member of the EU Single Market. The road and motorway network (total 55,748 km, of which motorways and expressways comprise 1,228 km) is already one of the densest in Central and Eastern Europe and several rail modernisation projects are currently underway to link the Czech Republic with the pan-European network of high-speed railways.

Direct Flights from Prague per Week

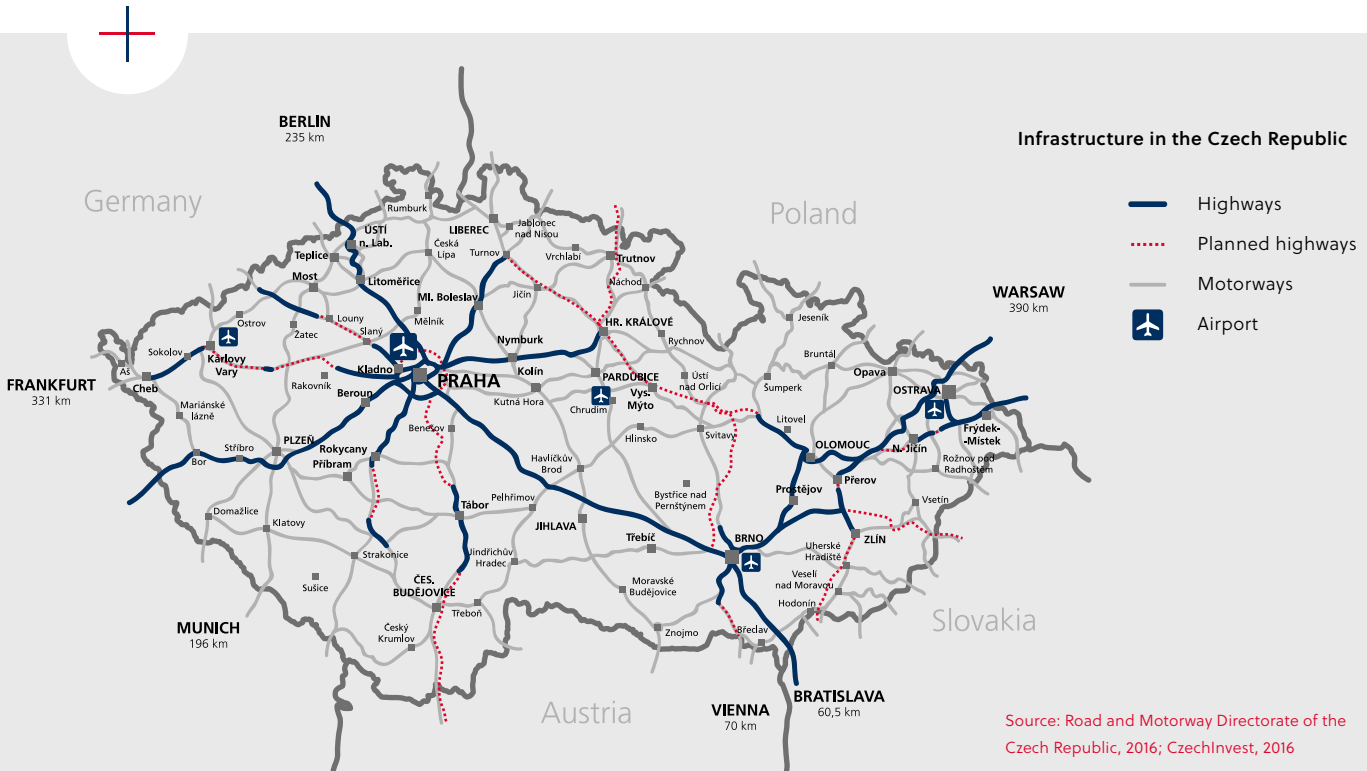
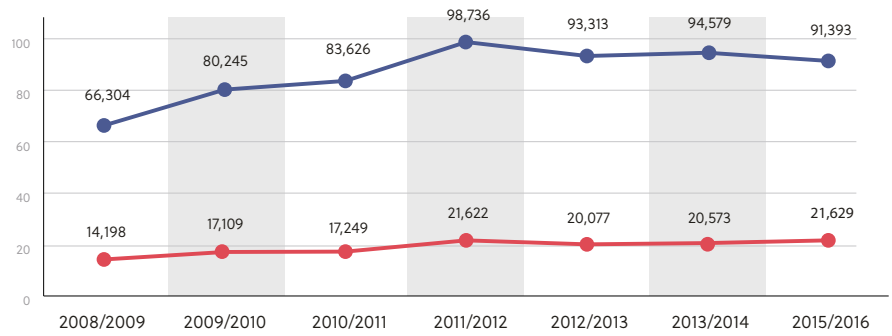
48	40	19	24	19	11	54
Amsterdam	Brussels	Budapest	Copenhagen	Dubai	Dublin	Frankfurt
13	24	26	90	15	2	30
Hamburg	Helsinki	Istanbul	London	Madrid	Marseille	Milan
60	27	6	11	61	23	2
Moscow	Munich	New York	Oslo	Paris	Rome	Riyadh
8	13	20	26	32	21	
Seoul	St. Petersburg	Stockholm	Tel Aviv	Vienna	Zurich	

Source: Václav Havel Airport Prague, summer flight schedule 2016

Students and Graduates of Technical Universities

- Students
- Graduates

Source: Ministry of Education, Youth and Sport, 2016



Attractive Investment Climate

The Czech Republic is a fully fledged parliamentary democracy and one of the most advanced among CEE countries. Its economic policy is consistent and predictable. An open investment climate is a key element of the Czech Republic's economy. The Czech Republic has attracted a large amount of foreign direct investment (FDI) since 1990, making it the most successful CEE country in terms of FDI per capita. The country's investment grade ratings from international credit-rating agencies and its early membership in the OECD testify to its positive economic fundamentals.

Competitive Advantages of the Czech Republic

According to the 2016-2017 Global Competitiveness Report published by the World Economic Forum, the Czech Republic ranks 31st among 138 world economies in terms of competitiveness (rank/138).

- + Trade tariffs (5)
- + Prevalence of foreign ownership (5)
- + Wastefulness of government spending (7)
- + Exports % GDP (8)
- + Flexibility of wage determination (13)
- + Soundness of banks (14)
- + Imports as a percentage GDP (14)
- + Intensity of local competition (15)
- + Prevalence of non-tariff barriers (16)
- + Pay and productivity (18)
- + Quality of electricity supply (19)
- + Local supplier quality (21)
- + Quality of railroad infrastructure (22)
- + Country credit rating (22)
- + FDI and technology transfer (23)
- + Local availability of spec. training services (24)
- + Internet access in schools (25)
- + Fixed-broadband Internet subscriptions/ population (25)
- + Financial services meeting business needs 27)
- + Availability of latest technologies (27)
- + Internet bandwidth (28)
- + Capacity for innovation (29)
- + PCT patents, applications per million population (29)

Investment Protection

The Czech Republic is a member of the Multilateral Investment Guarantee Agency (MIGA), an international organisation for protection of investments, which is part of the World Bank-IMF group. The country has signed a number of bilateral treaties which support and protect foreign

investments, for example with the United States, Germany, the United Kingdom, France, Austria, Switzerland, Italy, Belgium, Luxembourg, the Netherlands, Finland, Norway, Denmark and China. The Czech Republic has also concluded agreements for the avoidance of double taxation.

Czech Credit Ratings

Country	Standard and Poor's	Moody's	Fitch
Czech Republic	AA-	A1	A+
Slovak Republic	A+	A2	A+
Poland	BBB+	A2	A-
Russia	BB+	Ba1	BBB-
Bulgaria	BB+	Baa2	BBB-
Hungary	BBB-	Ba1	BBB-
Romania	BBB-	Baa3	BBB-

Note: Foreign currency long-term sovereign debt ratings
Source: Czech National Bank, 2016

Development of Corporate Income Tax

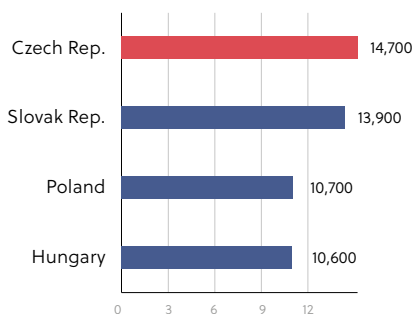
Year	%
2005	26
2006	24
2007	24
2008	21
2009	20
2010 – 2016	19

Source: CzechInvest, 2016

Basic Data

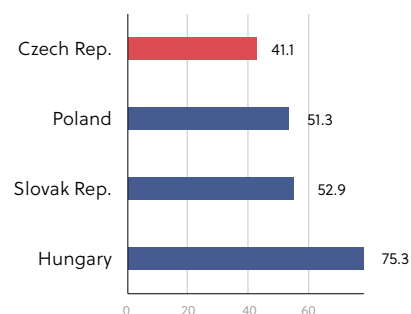
Area	78,864 km ²
Population	10.6 million
Labour force	5.3 million
Capital	Prague
Time zone	GMT +1, summer time GMT +2
Language	Czech
Population of major cities	Prague - 1,267,449 Brno - 377,028 Ostrava - 292,681 Plzeň - 169,858

GDP per Capita in EUR (2014)



Source: Eurostat, 2016

General Government Gross Debt in 2015 (% of GDP)



Source: Eurostat, 2016

Key Information on the Czech Republic

Indicators	2011	2012	2013	2014	2015	2016 forecast	2017 forecast
GDP growth (constant prices, %)	2.0	-0.8	-0.5	2.7	4.5	2.2	2.4
Long-term interest rates (government bonds)	3.7	2.8	2.1	1.6	0.6	0.6	0.8
Average inflation rate (%)	1.9	3.3	1.4	0.4	0.3	0.5	1.2
Labour productivity (increase in %)	2.3	-1.2	-0.8	2.1	3.3	0.6	2.3
Unemployment rate (avg., %)	6.7	7.0	7.0	6.1	5.1	4.1	4.0
Average real gross wage (increase in %)	0.6	-0.8	-1.5	2.5	2.4	3.9	3.4
Average nominal gross wage (increase in %)	2.5	2.5	-0.1	2.9	2.7	4.4	4.7

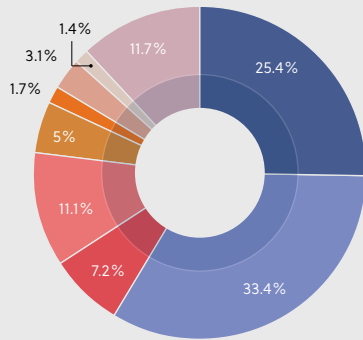
Source: Ministry of Finance, July 2016

EU legislation was adopted in preparation for EU accession. Commercial, accounting and bankruptcy laws are compatible with western standards. The Czech crown is fully convertible. All international transfers (e.g. profits and royalties) related to an investment can be carried out freely and without delay. Foreign legal entities from the EU and other

countries may acquire real estate in the Czech Republic without any restrictions and under the same conditions as Czech legal entities. Hence, the original legal restrictions pertaining to locating a company or establishing a branch in the Czech Republic and entitlement to conduct business in the Czech Republic have been lifted.

Impressive FDI Results

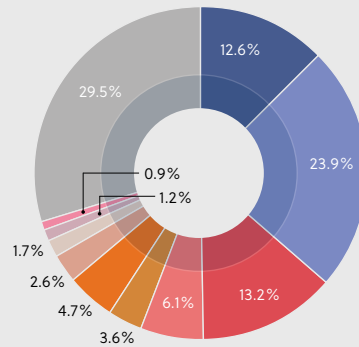
Total: EUR 100.1 billion/ USD 121.5 billion (1993 – 2014)



Cumulative FDI Inflow by Sector, 1993-2014

- Financial intermediation
- Manufacturing
- Real estate and business activities
- Trade, hotels and restaurants
- Information and communication services
- Transport, storage and communications
- Electricity, gas and water
- Construction
- Other

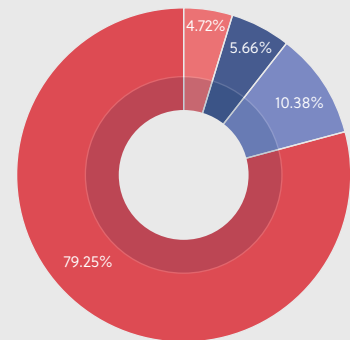
Source: Czech National Bank, 2016



Cumulative FDI Inflow by Country, 1993-2014

- Germany
- Netherlands
- Austria
- France
- United States
- Switzerland
- United Kingdom
- South Korea
- Japan
- Sweden
- Other

Source: Czech National Bank, 2016



Investment Projects Mediated by CzechInvest in 2015

- Business support services
- ICT
- Manufacturing
- Technology centres

Source: CzechInvest, 2016

Inflow of Foreign Direct Investment

The Czech Republic is one of the most successful CEE countries in terms of attracting foreign direct investment. According to the Czech National Bank, a total amount of more than EUR 100 billion worth of FDI has been recorded since 1993. The introduction of investment incentives in 1998 stimulated a massive inflow of FDI into greenfield projects. Amendments to the investment-incentives legislation have further eased the attracting of new investments to the country. According to the Vienna Institute for International Economic Studies, the Czech Republic has consistently attracted a

high rate of foreign direct investment per capita, which confirms the country's strong attractiveness for foreign investors. The Czech Republic is characterised as a mature host country for FDI with low inflation, modest interest rates, a relatively stable currency and a good rate of economic growth providing favourable conditions for investors.

Services Surpass Manufacturing

The structure of FDI inflow into the Czech Republic has been changing substantially and the trend is expected to strengthen in the coming years. The Czech Republic is experiencing the introduction of a new, very

valuable type of economy, as investments in research and development and business support services in the country have outweighed those in manufacturing projects in recent years.

Performance of Foreign Companies in the Czech Republic

The Czech Republic hosts almost 100,000 foreign companies of all sizes. Famous multinational companies such as ABB, Continental, Danone, Ford, Nestlé, IBM, DHL, Astra Zeneca, Rockwell, Procter & Gamble, Renault, Siemens, Tyco, Honeywell, Amazon and Volkswagen have significant subsidiaries in the Czech Republic.



Stock of Inward Foreign Direct Investment per Capita in EUR

Country	2007	2008	2009	2010	2011	2012	2013
Czech Rep.	7,380	7,798	8,347	9,169	8,870	9,838	9,383
Hungary	6,475	6,226	6,851	6,804	6,654	7,921	8,163
Poland	3,043	2,895	3,184	4,002	3,816	4,427	4,687
Slovak Rep.	5,405	6,731	6,766	6,985	7,434	7,818	7,903
Bulgaria	3,428	4,240	4,604	4,796	4,998	5,123	5,266
Romania	2,073	2,387	2,463	2,603	2,744	2,953	3,070

Source : wiiw FDI Report 2014, The Vienna Institute for International Economic Studies, 2016

Selected Investors

The change in the structure of foreign direct investment indicates a new trend in the Czech Republic. The number of demanding projects in the fields of research, development and business support services is rapidly increasing. New investors as well

as those companies that formerly only came to the country with a production programme are now transferring their higher-value-added development activities (technology centres and business support services centres) to the Czech Republic.

Sector	Investor	Country of origin
Aerospace	GE Aviation	USA
	Honeywell Aerospace	USA
	Latecoere	France
	Textron	USA
	UGMK	Russia
Automotive	Hyundai	South Korea
	Johnson Controls	USA
	Robert Bosch	Germany
	Toyota/PCA	Japan/France
	Volkswagen	Germany
Business support services	Accenture	USA
	DHL	Germany
	IBM	USA
	Infosys	India
	SAP	Germany
Electrical engineering & electronics	ABB	Switzerland
	Bang & Olufsen	Denmark
	Foxconn	Taiwan
	On Semiconductor	USA
	Panasonic	Japan
Energy & environment	Bilfinger	Germany
	Doosan	South Korea
	Mavel	USA
	Solar Turbines	USA
	Vyncke	Belgium
Advanced engineering	Bombardier	Canada
	Daikin	Japan
	Edwards	United Kingdom

Sector	Investor	Country of origin
Advanced engineering	Ingersol Rand	USA
	Siemens	Germany
Information and communication technologies	Microsoft	USA
	NetSuite	USA
	RedHat	USA
	SolarWinds	USA
	Tieto	Finland
Life sciences	Lonza	Switzerland
	Nanotherapeutics	USA
	Otsuka Pharmaceutical	Japan
	Sanofi	France
	Teva Pharmaceutical Industries	Israel
Nanotechnologies and advanced materials	AGC	Japan
	FEI Company	USA
	Fibertex Nonwovens A/S	Denmark
	Saint-Gobain	France
	Toray Industries	Japan



FDI Target Sectors

01

Aerospace

The Czech Republic has become an indispensable partner in global aerospace supply chains. The local industry's strength that makes it attractive to major aerospace firms consists in the ability to develop and integrate structural components into a wide range of aircraft, engines and systems. The combination of a strong engineering background, excellent R&D facilities, skilled workforce, government support, outstanding product reputation

and high product reliability in various climatic conditions reinforces the country's competitiveness in the global market and enables further development of characteristically high-quality aerospace technologies. The Czech Republic is an active member of the European Space Agency and the headquarters of the European Global Navigation Satellite Systems Agency is located in Prague.

As a result of its long industrial tradition and ability to compete on the global level, the Czech Republic has achieved one of the highest concentrations of automotive manufacturing, design and R&D activity in the world. With passenger car production at 123 vehicles per 1,000 persons in 2015, the Czech Republic has maintained its supreme position among world automotive leaders in terms of per-capita output. With 1.3 million vehicles produced in 2015, it is also among

the fifteen largest global passenger-car producers by volume and the largest one in Central and Eastern Europe. The Czech automotive industry employs more than 150,000 people and accounts for more than 20% of both Czech manufacturing output and Czech exports. After all, the presence of more than half of the world's top 100 tier-one suppliers underscores the local automotive sector's long-term focus on excellence.

02

Automotive

03

Business Support Services

As competition between countries and regions for cross-border investment intensifies, the Czech Republic has managed to maintain its position as one of the world's most attractive locations. The most frequently shared services are financial, accounting and IT services and customer support. The Czech Republic a leader in the business support services sector in Central and Eastern Europe. The

shared-services centres of DHL, Accenture, ExxonMobil, IBM and more than 200 other companies employ over 65,000 specialists in the Czech Republic. Nearly 80% of these centres are captive, while BPO companies comprise about 20% of the market. In addition to Prague, the country has several strong hotspots ready for international projects in regional centres.

More than anything else, the success of the electronics sector in the Czech Republic is based on its long tradition here and the extensive skills of its employees. Firms based in the Czech Republic are active in every possible field of the industry, but are particularly strong in manufacturing and R&D activities involving optoelectronics, semiconductors, special consumer electronics and robotics. The industry as a whole accounts for more than 14% of Czech

manufacturing output, which makes it the second largest sector in the economy with over 17,000 businesses employing more than 180,000 workers. Final products comprise unique solutions for customers as well as supplies for other industries. Electronics companies in the Czech Republic benefit from the European common market and, primarily, exporting of their products to countries in the European Union.

04

Electrical Engineering and Electronics

05

Energy & Environment

The Czech Republic is abiding by the EU strategy for sustainable development that calls for "Smarter and Cleaner Europe". The adopted policies are supported by both the EU and national budgets and create a broad range of opportunities for investors to design, manufacture and deliver new technologies for environmental protection and energy savings for more than 700 million consumers in the European market. Technologies for reusing industrial waste in

new products, increased use of renewable energy sources and support for energy savings through the introduction of new products and technologies in smart energy-distribution systems are of paramount importance. The Czech Republic offers investors in these areas both technical competence and manufacturing excellence that, combined with cost effectiveness, create favourable conditions for new investments.

Mechanical engineering has a great history in the Czech Republic and, due to prevalence here, it is one of the cornerstones of the Czech economy. Mechanical engineering is the third-largest manufacturing sector in the Czech Republic in terms of total sales and generates some of the highest value added in exported goods. The general engineering sector (CZ-NACE 28) employs nearly 115,000 highly skilled professionals, who are the sector's greatest asset, making it one of the most important employers in industrial production in the Czech Republic.

The continuous enhancement and increasing comprehensiveness of the product portfolio is ensured by a production base of more than 6,700 companies that manufacture machinery including turbines and transportation, air-conditioning, agricultural, food-processing and construction equipment, as well as machine tools. The sector also holds a strong position as a traditional exporter, as 80%-90% of its output is exported making it one of the most competitive products created in Czech Republic.

06

Advanced Engineering

07

Information and Communication Technologies

As the country that laid down the principal laws of heredity, introduced the contact lens to the world and successfully developed the compounds on which current anti-AIDS drugs are based, the Czech Republic is an attractive location for manufacturing and contract R&D operations. Development of the sector is supported by effective patent protection, adoption of GMP, GLP and GCP standards, relatively non-restrictive genetic

The Czech Republic is one of Europe's top locations for ICT investments. Repeatedly recognised by various researchers, this fact is confirmed by the strong inflow of high-value-added projects of the world's top ICT companies and is fuelled by the country's tradition of excellence in technical fields. The list of successful investors in the country includes Microsoft, Skype, DHL, Tieto, Red

Hat, SolarWinds and IBM. Furthermore, ICT companies with Czech origins are renowned worldwide for their products. For example, antivirus giants AVG and AVAST are based in the Czech Republic, which also is the only country using the Latin alphabet where Google is not the clearly dominant internet search provider, as it has strong local competitor, Seznam.cz.

09

Nanotechnologies and Advanced Materials

Over the last decade, the area of nanotechnology has attracted more and more attention worldwide with a lot of new, promising applications. The Czech Republic has established its own respectable position in the world of nanotechnology thanks to its industrial tradition and growing state-of-the-art research infrastructure supported by breakthrough discoveries in microscopy and nanofibers. The field of advanced

materials is highly attractive to major foreign companies, and it stands to mention at least the ongoing investments of Fibertex Nonwovens A/S in nonwoven textiles, Toray in waterless printing technology and AGC in advanced glass, while for the Saint-Gobain group the Czech Republic is a key location with many branches and a number of investments.

08

Life Sciences

engineering and the government's policy goals comprising continuation of support for R&D and acceleration of the transfer of knowledge between the science and business communities. The country's membership in the European Union guarantees that licenses issued in the Czech Republic are valid in all EU countries, which comprise a market of over 500 million consumers within just a two-hour flight from Prague.



Financial Support for Investment

The Czech Republic offers both new and existing investors support covering up to 25% of costs associated with investment projects. Aid is provided mainly from the national investment-incentives scheme, which is described below. Certain activities, for example establishment of R&D centres, innovation activities and ICT and software development, can be also supported from EU Structural Funds.

Investment Incentives Supported areas

Investment incentives are offered for establishment or expansion of projects in the following areas:

- + Manufacturing
- + Technology centres
- + Business support services centres
 - software-development centres,
 - shared-services centres, high-tech
 - repair centres, data centres and
 - customer support centres (call centres)

Aid is provided in all regions, with the exception of Prague, pursuant to the Act on Investment Incentives and consists of the following incentives:

Forms of Incentives

Tax incentive	Full corporate tax relief for up to ten years for new companies Partial corporate tax relief for up to ten years for existing companies
Job-creation grants	Financial support for creation of new jobs in selected regions (EUR 3,700 – 11,100 per new job)
Training and retraining grants	Financial support for training and retraining of new employees in selected regions (up to 50% of eligible training costs for large enterprises)
Cash grants for capital investments	Financial support available for large strategic investment projects in the areas of manufacturing and technology centres only (up to 10% of the investment amount); subject to special eligibility criteria (see below)
Property-tax incentive	Property-tax exemption for a period of five years in Special Industrial Zones. Special Industrial Zones are zones designated as such by the Government of the Czech Republic.

Source: Investment Incentives Act, amendment of May 2015

General Eligibility Criteria

Manufacturing	Technology centres	Business support services centres
Minimum investment of EUR 2 million – 4 million depending on the region's rate of development	Minimum investment of EUR 0.4 million	No condition regarding minimum investment
At least 50% of the eligible costs must comprise new machinery	At least 50% of the eligible costs must comprise new machinery	Services of the centre must be provided in two other countries besides the Czech Republic
Creation of at least 20 new jobs	Creation of at least 20 new jobs	Creation of at least 20 new jobs at software-development centres and data centres; at least 70 new jobs at shared-service centres and high-tech repair centres, at least 500 new jobs at customer support centres (call centres)

Source: Investment Incentives Act, amendment of May 2015

No works may be started prior to submission of the application to CzechInvest (the investor shall not acquire any assets including orders of machines and equipment and shall not commence construction works). No works may be started prior to submission of the application to CzechInvest (the investor

shall not acquire any assets including orders of machines and equipment and shall not commence construction works). All of the conditions must be fulfilled within three years from the date on which the investment incentives are granted.

Eligible Costs

Either long-term assets, when the value of machinery comprises at least half of the value of acquired assets, or two years' gross wages for newly created jobs can serve as eligible costs from which the maximum state-aid intensity is calculated. The investor shall select one option; in the case of an investment in the manufacturing industry, only long-term assets comprise eligible costs.

Eligibility Criteria for Strategic Investment Projects

A strategic investment in the area of **manufacturing** is considered to be an investment wherein the value of the minimum amount invested in long-term tangible and intangible assets reaches the value of EUR 20 million, of which at least EUR 10 million is invested in new machinery and at least 500 new jobs are concurrently created.

A strategic investment in the area of **technology centres** is considered to be an investment wherein the minimum amount invested in long-term tangible and intangible assets is EUR 8 million, of which EUR 4 million comprises the value of new machinery and at least 100 jobs are concurrently created.



Partnership Opportunities

Sourcing

The start of production is closely connected with creating new supply networks. Therefore, CzechInvest is prepared to assist you with selecting suitable Czech suppliers. CzechInvest will compile for you a detailed overview of potential suppliers according to your specifications. Furthermore, the agency will organise visits to the facilities of selected suppliers, including transport and interpreting if needed. Use our services and contact us at suppliers@czechinvest.org.



Large Number of Suppliers

For multinational companies seeking a larger number of suppliers, CzechInvest organises B2B events – supplier days.

The possibility of organising supplier days is offered to all multinational companies operating in the manufacturing industry.

CzechInvest administers its own sector database of suppliers, which serves as a **useful tool in seeking out business partners in the Czech Republic**. This database contains almost 3,500 high-quality records with a broad scope of information about Czech manufacturing and IT companies. The database is divided into ten key sectors (icons on the right side). The database is freely available at <http://suppliers.czechinvest.org>.



Engineering



Healthcare, pharmacy, biotechnology



ICT



Aerospace



Subcontractive – plastic



Subcontractive – metal



Materials and packaging



Automotive



Energy



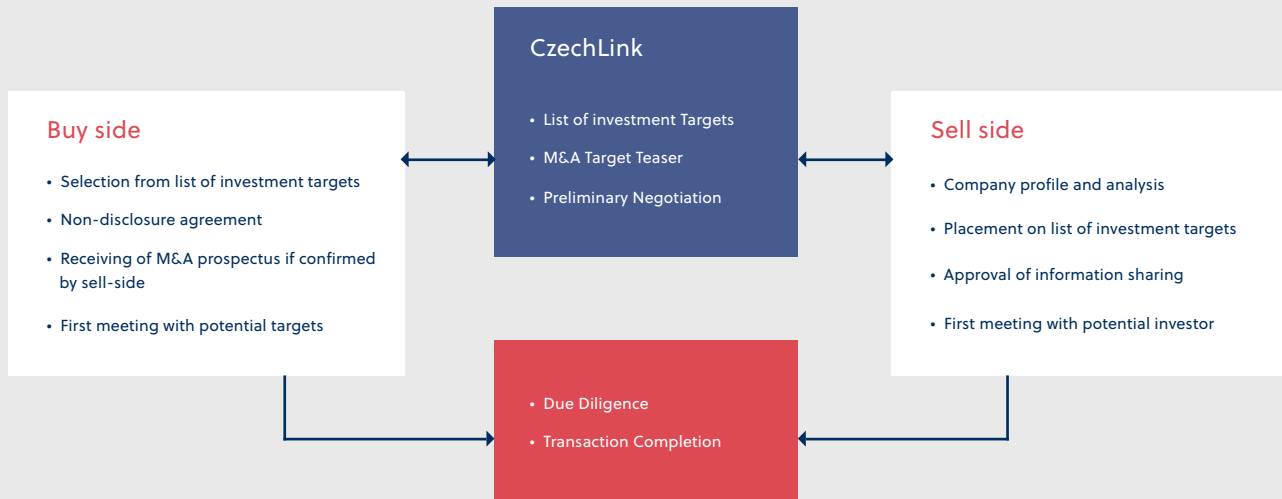
Electronics and electronic engineering

M&A, Joint Ventures

Since 2010, CzechInvest has administered the CzechLink project, which can help you to find a suitable joint-venture partner or acquisition target. The purpose of the project is to bring foreign investors together with Czech companies that are seeking a strategic

partner or investor. Czech firms are divided into three categories – manufacturers, IT firms and start-ups. If the offered firms do not fulfil your requirements, we are able to prepare for you a tailored list of potential partners and acquisition targets and contact the selected firms on your behalf. All

information about the project and the current portfolio of Czech companies participating in it are available on the website at www.czechlink.org, or you can contact us directly at czechlink@czechinvest.org.



Highly Developed Property Market

Thanks to the continued interest of real estate investors, the Czech Republic has a highly developed and dynamic real estate market. The availability of space for production facilities has been boosted by a major government programme designed to support the development of municipal industrial properties and zones.

The agency administers an extensive database of properties where it offers:

- 364 industrial zones
- 301 industrial parks
- 17 science parks
- 168 office buildings
- 509 brownfields

An important aspect influencing the growth in demand for industrial properties is the Czech Republic's eleventh-place ranking in Ernst & Young's European Attractiveness Survey 2015 placing the country in the same league with such powerhouses as Great Britain, France and Germany. The development of industrial zones has

been supported by the state since 1998 through various programmes and aid from the state budget. The main priorities in the preparation of industrial zones are a clear asset structure of land plots in the given zone and the presence of transport and technical infrastructure on such land plots.

How We Can Help

- + Consultancy pertaining to the property market in the Czech Republic
- + Consultancy pertaining to financial support from public sources and EU funds
- + Site selection within the Czech Republic according to the client's requirements
- + Site inspections tailored to the client
- + Registration of properties in the database of business properties
- + Monitoring of the business-property market

Rents in Industrial Premises, by Region (EUR/m²/month)

Region	Rent* (EUR/m ² /month)
Central Bohemia	3.50-4.25
Hradec Kralove	3.50-4.00
Karlovy Vary	3.50-4.00
Liberec	3.75-4.25
Moravia-Silesia	3.50-4.00
Olomouc	3.50-4.00
Pardubice	3.50-4.00
Plzen	3.50-4.25
Prague	3.50-5.00
South Bohemia	3.50-4.00
South Moravia	3.50-4.25
Usti	3.50-4.25
Vysocina	3.50-4.25
Zlin	3.50-4.00

Source: CBRE Research, 2016

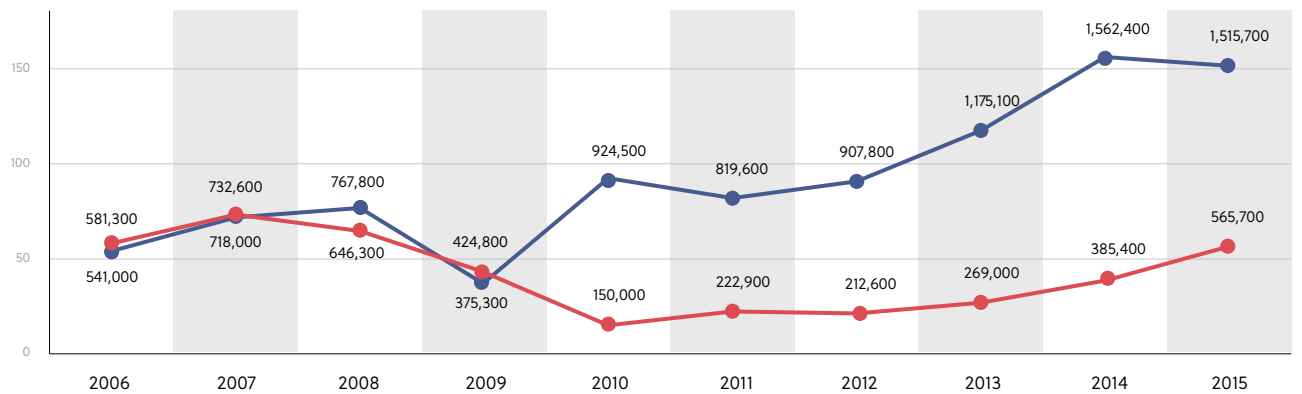
* 2,000-5,000 m²

Class-A Office Headline Rents (EUR/m²/month)

Location	2011	2012	2013	2014	2015
Prague city center	20-21	20-21	19.5-20.5	18.5-19.5	18.5-19.5
Prague inner city	15-17.5	15-17.5	15-17.5	15-17.0	15-16.5
Prague outer city	13-14.5	13-14.5	13-14.5	13-14.5	13-14.5
Brno	10-14	10-13.5	10-13.5	10-12.5	11-13
Ostrava	10-12	10-11.5	10-11.5	10-11.5	10-11.5
Plzen	10-11	10-11	10-11	10-10.5	10-10.5
Olomouc	9-10	9-10	9-10	9-10	9-10
Hradec Kralove	9-10	9-11.5	9-11.5	9-10.5	9-10.5
Usti nad Labem	9-10	9-10	9-10	9-10	9-10

Source: CBRE Research, 2016

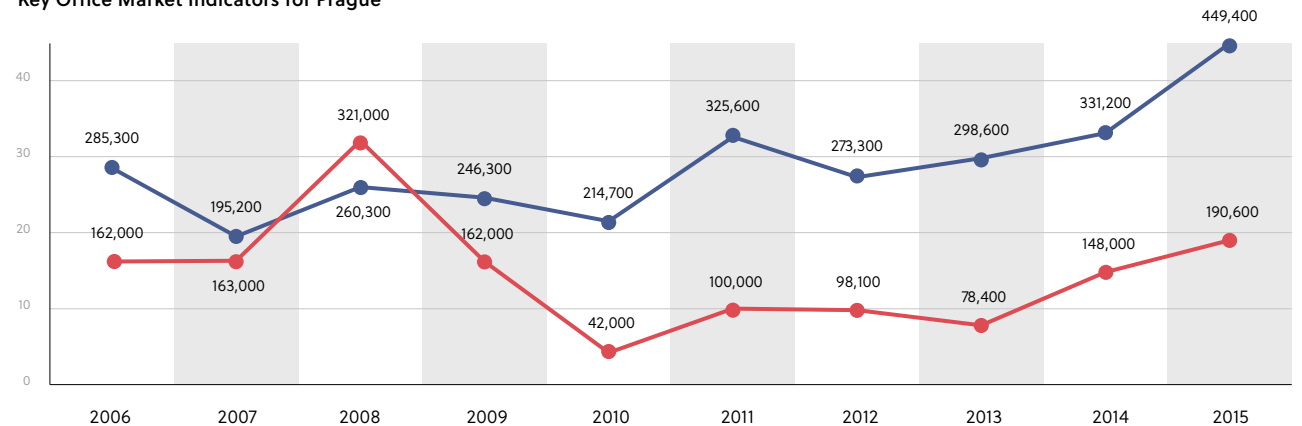
Key Industrial Market Indicators in the Czech Republic



Source: CBRE Research, Industrial Research Forum, 2016

● Annual Supply (m²) ● Gross Take-up (m²)

Key Office Market Indicators for Prague



Source: CBRE Research, Industrial Research Forum, 2016

● Annual Supply (m²) ● Gross Take-up (m²)

International Memberships

The Czech Republic was the first country in Central and Eastern Europe to be admitted into the OECD. The country is a member of NATO and is fully integrated into other international organisations such as the WTO, IMF, EBRD and the World Intellectual Property Organisation. The Czech Republic joined the EU on 1 May 2004. The Czech Republic has been a part of the Schengen area since 21 December 2007.

Customs Obligations

Starting on the first day of EU membership, routine customs checks of goods being moved across internal borders, i.e. the common border with other member states, were abolished. Since the Czech Republic does not have an external EU border, routine checks of goods being moved across the national border for customs and tax purposes are conducted only at the main international airports in Prague, Brno, Karlovy Vary and Ostrava. Goods are freely transported across internal EU borders.

Visa Requirements

EU member countries

The free movement of people has been agreed between all current EU member countries plus Norway, Iceland, Liechtenstein and Switzerland. This means the possibility of working in all of these countries without a visa or work permit. Since 1 May 2004, EU citizens are allowed to stay and work in the Czech

Republic without visas or work permits. They are only required to register with the local office of the Foreigners' Police.

Non-EU countries

The general classification recognises Schengen visas (also known as short-term visas), which can be issued for a maximum stay of 90 days within a period of 180 days in the Schengen area (including the Czech Republic). Long-term visas and employee cards are designed for foreigners intending to stay in the Czech Republic longer than 90 days (and can be repeatedly extended). The employee card is a new dual (residence and work) permit for the purpose of employment on a long-term basis. It is for all types of employment regardless of the level of required professional qualification. The application for an employee card must be submitted in person at a local embassy of the Czech Republic. An employee card is issued for the duration of contractual employment

according to the submitted documents (such as an employment contract) but for no longer than 2 years, with the option of repeated extension of its validity.

Furthermore, some foreign nationals such as Americans and Japanese, among others, can enter and stay in the Czech Republic without a visa for up to 90 days. This applies to short stays of a non-profit nature.

There is also the blue card, which is a dual permit for highly qualified employees. It is intended for a long-term stay associated with the performance of high-skilled work. The employment contract must contain a gross monthly or yearly salary that is equivalent to at least 1.5 times the gross average monthly or annual salary in the Czech Republic. Validity of the blue card extends three months beyond the period for which the employment contract is valid (maximum period of two years; extension is possible).

Testimonials from Successful Investors

Ramanath Ramakrishnan

Chief Technology Officer and Executive Vice President, Eaton

"Eaton chose to locate its European Innovation Center in Prague for several reasons, but most important for us were the city's close proximity to many of our largest customers in the region, the availability of world-class engineering talent as well as the ongoing support from the Czech authorities. The European Innovation Center in Prague also builds on the easy access to Eaton's existing operations in other parts of Europe, including the Czech Republic, which include our Vehicle Group manufacturing facility in Chomutov and our Electrical Sector facilities in Prague and Suchdol nad Lužnicí."

Radovan Musil

Development Centre Director, Red Hat Czech s.r.o.

"The pool of engineering talent within the country's open source community and the strengths of its universities provide a firm foundation of technical excellence from which to grow our business."

David Mansfeld

Director of Johnson and Johnson SSC

"Reasons for choosing Prague as the home of our SSC included an available, strong, quality and multilingual workforce, the macroeconomic stability of the Czech Republic and well-developed infrastructure. Government support and investment, in

which Johnson & Johnson worked closely with CzechInvest to obtain, also had a positive contribution to the decision-making process and helped bring the last pieces of the decision-making puzzle into place."

Paul Kaye

Managing Director of Rolls-Royce Central and Eastern Europe

"When Rolls-Royce made the decision to enter the Central and Eastern European market in the mid-1990s, the Czech Republic was the natural choice. Prague had the infrastructure and location that we needed for establishing our headquarters for Central and Eastern Europe. Today, from Prague we manage our business encompassing civil aerospace, defence aerospace, marine and civil nuclear engineering in nineteen countries across the territory."

Our Services

- + Business intelligence
- + Consultancy on available public financial support
- + Business property search
- + Identification of suppliers, potential acquisition and joint-venture partners
- + Tailored visits to the Czech Republic
- + Aftercare services

CzechInvest is exclusively authorised to file applications for investment incentives at the competent governing bodies and prepares draft offers to grant investment incentives. Its task is also to provide potential investors with current data and information on the business climate, investment environment and investment opportunities in the Czech Republic.

Our Objectives

- + to advise and support existing and new companies and foreign investors in the Czech Republic
- + to support the competitiveness of the Czech economy
- + to create a space for communication between foreign investors, the state administration and Czech companies



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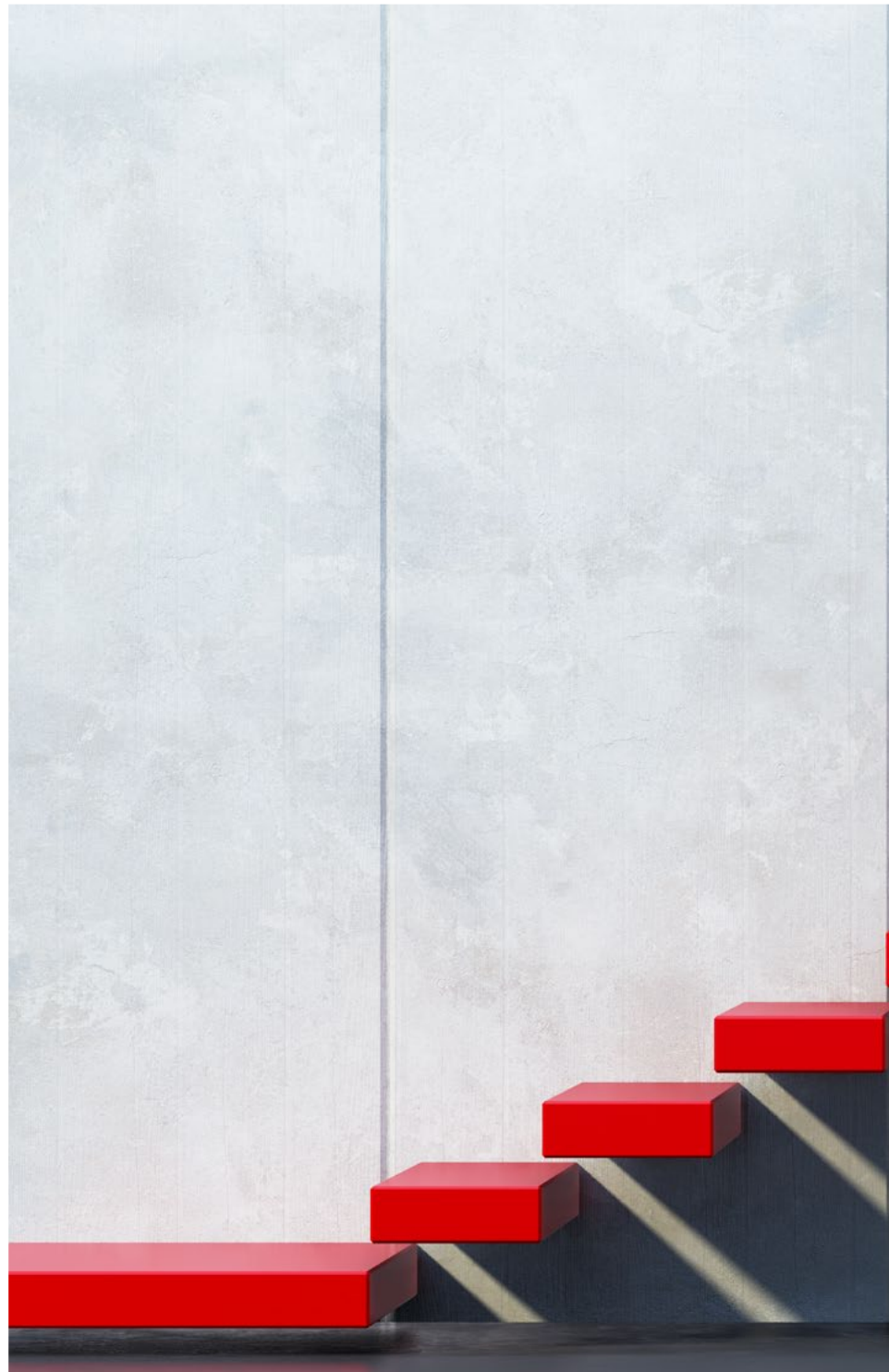
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