### Official Information

<table>
<thead>
<tr>
<th>Official name:</th>
<th>Republic of Bulgaria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area:</td>
<td>110 994 sq.km.</td>
</tr>
<tr>
<td>Population:</td>
<td>7.4 million</td>
</tr>
<tr>
<td>Capital:</td>
<td>Sofia</td>
</tr>
<tr>
<td>Time zone:</td>
<td>EET (UTC+2)</td>
</tr>
<tr>
<td>Official language:</td>
<td>Bulgarian</td>
</tr>
<tr>
<td>Currency:</td>
<td>Lev (BGN)</td>
</tr>
<tr>
<td>Fixed exchange rate:</td>
<td>€ 1 = BGN 1.95583</td>
</tr>
<tr>
<td>Type of government:</td>
<td>Parliamentary</td>
</tr>
<tr>
<td>Member of:</td>
<td>EU, NATO, WTO</td>
</tr>
</tbody>
</table>
INVESTBULGARIA AGENCY (IBA) is a Government institution providing information, contacts and project management support to potential investors.

**IBA services:**

- Macroeconomic data on Bulgaria
- Data on operational costs
- Regional information
- Personalized administrative servicing
- Legal advice
- Liaison with central and local governments
- Liaison with branch chambers and NGOs

www.investbg.government.bg
1. Political and business stability
   ✓ EU, NATO & WTO member
   ✓ Currency board
   ✓ Low budget deficit and government debt

2. Low cost of doing business
   ✓ 10% Corporate tax rate
   ✓ 10% Personal tax rate
   ✓ Lowest cost of labor
   ✓ Favorable office rents and low cost of utilities

3. Access to markets
   ✓ European Union/EFTA
   ✓ Russia
   ✓ Turkey/Middle East

4. Educated & skilled workforce
   ✓ 80,000 students in foreign countries
   ✓ 25% of population hold university degree
   ✓ 46% of population speak at least one foreign language

5. Government incentives
   ✓ Social security benefits
   ✓ Tax benefits
   ✓ Vocational education benefits
The best outsourcing destination in Europe, according to Cushman & Wakefield’s rating for 2015. In the world our country takes the third place.

Accommodated about 50 companies producing components and systems for the global automotive industry. In eight of every ten cars in Europe, the parts are produced in Bulgaria.

First in the world in the production of lavender. For the past three years, our country has managed to surpass France from the first place and France is historically a leader in this field.

The largest exporter of sunflower seeds worldwide in 2013. Our market share in the exports of this commodity in the planet is 17.8%.
MACROECONOMIC INDICATORS

MACROECONOMICS DATA (2015)

- **GDP**: 44,30 billion €
- **GDP per capita**: 6 150€
- **Budget Deficit**: -3.1% of GDP
- **Government debt**: 27.2% of GDP
- **Exports, FOB**: 52.1% of GDP
- **Imports, CIF**: 59.2% of GDP
- **Trade balance**: -7.1% of GDP

Source: bnb.bg, worldbank.org   www.investbg.government.bg
FDI Inflow (€ mln.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
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<tbody>
<tr>
<td>2015</td>
<td>1,575.1</td>
</tr>
<tr>
<td>2014</td>
<td>1,306.20</td>
</tr>
<tr>
<td>2013</td>
<td>1,383.70</td>
</tr>
<tr>
<td>2012</td>
<td>1,320.90</td>
</tr>
<tr>
<td>2011</td>
<td>1,476.30</td>
</tr>
<tr>
<td>2010</td>
<td>1,169.70</td>
</tr>
</tbody>
</table>

FDI by host country, 1996-2015 (€ mln.)

- **Netherlands** 7,720.20
- **Austria** 6,002.40
- **Greece** 3,582.20
- **UK** 2,575.60
- **Germany** 2,599.20
- **Cyprus** 2,187.90
- **Russia** 2,032.70
- **Switzerland** 1,737.20
- **USA** 1,621.20
- **Italy** 1,542.00

FDI Inflow by Industry (€ mln.)

- Real Estate: 18%
- Manufacturing: 17%
- Finance: 15%
- Trade: 11%
- Other: 10%
- Energy: 7%
- Construction: 4%
- Telecom: 3%
- Construction: 2%

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## TAXATION RATE

<table>
<thead>
<tr>
<th>Country</th>
<th>Income Tax(%)</th>
<th>Social Security(%)</th>
<th>VAT(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Corporate</td>
<td>Individual</td>
<td>Employer</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>10</td>
<td>10</td>
<td>17.9-18.5</td>
</tr>
<tr>
<td>Serbia</td>
<td>15</td>
<td>10-20</td>
<td>16.9</td>
</tr>
<tr>
<td>Romania</td>
<td>16</td>
<td>16</td>
<td>28.45</td>
</tr>
<tr>
<td>Hungary</td>
<td>10/19</td>
<td>16</td>
<td>28.5</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>19</td>
<td>22</td>
<td>34</td>
</tr>
<tr>
<td>Poland</td>
<td>19</td>
<td>18/32</td>
<td>22.14</td>
</tr>
<tr>
<td>Turkey</td>
<td>20</td>
<td>15-35</td>
<td>27</td>
</tr>
<tr>
<td>Slovakia</td>
<td>23</td>
<td>19-25</td>
<td>34.8</td>
</tr>
<tr>
<td>UK</td>
<td>23</td>
<td>0-45</td>
<td>13.8</td>
</tr>
<tr>
<td>Italy</td>
<td>27.5</td>
<td>23-43</td>
<td>30</td>
</tr>
<tr>
<td>Spain</td>
<td>30</td>
<td>24, 75-52</td>
<td>29.9</td>
</tr>
<tr>
<td>Germany</td>
<td>30-33</td>
<td>14-45</td>
<td>19.7</td>
</tr>
<tr>
<td>France</td>
<td>33.33</td>
<td>5.5-41</td>
<td>50</td>
</tr>
<tr>
<td>Cyprus</td>
<td>12.5</td>
<td>20-35</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Source: bnb.bg, worldbank.org
COST OF DOING BUSINESS

Electricity
0.069 (€/kWh)

Gas
0.032 (€/kWh)

Water
1.09 (€/1м3)

Industrial Rents (Sofia)
From 2.5 € (m²/mo)

Office Rents (Sofia)
From 10 € (m²/mo)

Cost of Labor
Salary (Min.) - 215 €
Salary (Avg.) - 468 €

One of the most competitive costs in Europe!

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>ELECTRICITY (€/kWh) 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>BULGARIA</td>
<td>0.0682</td>
</tr>
<tr>
<td>Romania</td>
<td>0.0707</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.0721</td>
</tr>
<tr>
<td>Austria</td>
<td>0.0731</td>
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<tr>
<td>France</td>
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<tr>
<td>Czech Rep.</td>
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<td>Hungary</td>
<td>0.0778</td>
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<tr>
<td>Germany</td>
<td>0.0809</td>
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<td>Poland</td>
<td>0.0833</td>
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<tr>
<td>Croatia</td>
<td>0.0869</td>
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<td>Italy</td>
<td>0.0949</td>
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<td>Greece</td>
<td>0.1037</td>
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<tr>
<td>Cyprus</td>
<td>0.1316</td>
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<tr>
<td>UK</td>
<td>0.1435</td>
</tr>
<tr>
<td>EU 28</td>
<td>0.0917</td>
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</table>

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>LABOUR COSTS (€/per hour) 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>BULGARIA</td>
<td>3.8</td>
</tr>
<tr>
<td>Romania</td>
<td>4.6</td>
</tr>
<tr>
<td>Hungary</td>
<td>7.3</td>
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<tr>
<td>Poland</td>
<td>8.4</td>
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<tr>
<td>Czech Rep.</td>
<td>9.4</td>
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<tr>
<td>Croatia</td>
<td>9.4</td>
</tr>
<tr>
<td>Greece</td>
<td>14.6</td>
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<tr>
<td>Cyprus</td>
<td>15.8</td>
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<tr>
<td>UK</td>
<td>22.3</td>
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<td>Italy</td>
<td>28.3</td>
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<tr>
<td>Germany</td>
<td>31.4</td>
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<tr>
<td>Austria</td>
<td>31.5</td>
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<tr>
<td>Netherlands</td>
<td>34.0</td>
</tr>
<tr>
<td>France</td>
<td>34.6</td>
</tr>
</tbody>
</table>

Source: ec.europa.eu/eurostat www.investbg.government.bg
INDUSTRIAL ZONES IN BULGARIA
0% corporate tax in areas with unemployment 25% higher than the country average!

UNEMPLOYMENT RATE BY MUNICIPALITIES

Municipalities with an unemployment rate lower than the country’s average
Municipalities with an unemployment rate equal to or higher than the country’s average
Municipalities with an unemployment rate 25% higher than the country’s average
MACHINE BUILDING

✅ The Sector:
- More than 100,000 people work in The Sector in 2015
- 18% of GDP was generated by The Sector for 2015
- 5,000€ annual wages per employee in 2015

✅ Advantages of The Sector:
- Established traditions and experience in the sector
- Continuous growth between 2000 and 2015
- Qualified work force at affordable price
- Easy access to the markets
- Networks of technical universities and colleges
- Available physical infrastructure

✅ Successful examples:
- Great Wall
- Witte Automotive
- Grammer
- Lufthansa Technik
- Magna
- Montupet
- Balkancar Record
The Sector:
- More than 17,500 specialists work in The Sector
- 1.86% of GDP was generate by The Sector in 2015
- 20,600€ annual wages per Employee in 2015

Advantages of The Sector:
- Established traditions and experience in the sector
- One of the fastest growing sectors of the economy
- The revenues of Bulgarian IT Companies grew by 11% 819 € mln.
- Over 4,300 students get a degree in IT each year
- Bulgarian Internet speed is one of the fastest in the world

Successful examples:
The Sector:
- More than 30,000 people work in The Sector
- 3% of GDP was generated by The Sector in 2015
- 8,000€ annual starting salaries per Employee in 2015

Advantages of The Sector:
- Bulgaria offers qualified and cost-effective workforce and advantageous rents of commercial space
- BPO sector generates over €964 million revenues
- Bulgaria is the best outsourcing destination in Europe
- The average BPO company in Bulgaria provides services in more than 25 languages

Successful examples:
The Sector:
- More than 45,000 people work in The Sector
- 6,000€ annual wages per Employee

Advantages of The Sector:
- Availability of experienced engineers
- Qualified assembly workforce at affordable cost
- Easy access to EU, Russian and Middle East markets
- More than 75% of the production of the Electronics manufactured in Bulgaria is exported
- Bulgarian universities are working together with the companies in the sector to create qualified workforce

Successful examples:
- Yazaki
- Festo
- ABB
- Liebherr
- Siemens
- Hyundai
- Schneider Electric
✓ **The Sector:**
- More than **666 000 people** work in **The Sector**
- **5%** of **GDP** was generate by **The Sector**
- 5 300€ annual wages per Employee

✓ **Advantages of The Sector:**
- Unique natural conditions for the cultivation of a wide variety of crops, fruits, and vegetables
- 49% of the country's territory is farming land
- A well-established infrastructure available
- Highly qualified and affordable human resources
- Strategically located to provide routes to Europe, Russia, CIS, the Middle East, and North Africa

✓ **Successful examples:**
- Heineken
- Carlsberg
- Coca-Cola
- Domaine Boyar
- EM
- Chipito
- Kraft Foods
- Nestlé
- Danone
The Bulgarian legislation introduces a system of promotion measures for initial investments in tangible and intangible fixed assets and creating new employment linked thereto, according to the legislation of EU.

- Investments must be related to the following sectors:
  - Manufacturing
  - Research & Development
  - Education
  - Healthcare
  - High-tech services
  - Warehousing and logistics

- The government incentives for:
  - Class B Investment Projects
  - Class A Investment Projects
  - Priority Investment Projects
INVESTMENT CRITERIA

CLASS B

Manufacturing Industry
- €2.5m or €1m and 100 working places

High-Tech Manufacturing
- €1m or 10 working places

Services sector
- €0.75m or €0.25m and 100 working places

High-Tech Services
- €0.5m or 25 working places

Regions with high unemployment rate
- €1m or 10 working places

GOVERNMENT INCENTIVES

- Information services.
- Shortened administrative procedures - The central and local government authorities will provide administrative services shortened with one-third of the time period established by the law.
- Financial support of up to 25% for the vocational training for obtaining professional qualifications.
- Reimbursement of labor costs paid by the employer.
- On the request of certified investor the corresponding authorities may transfer ownership rights or establish a limited ownership right over real estate (private state or private municipal property) without a tender.
CLASS A INVESTMENT PROJECTS

✓ INVESTMENT CRITERIA

CLASS A

- Manufacturing Industry
  - €5m or €2m and 150 working places

- High-Tech Manufacturing
  - €2m or 25 working places

- Services sector
  - €1.5m or €0.5m and 150 working places

- High-Tech Services
  - €1m or 50 working places

- Regions with high unemployment rate
  - €2m or 25 working places

✓ GOVERNMENT INCENTIVES

- Include all the Incentives for CLASS B.
- Consulting and individual administrative services. Investors will be able to authorize Agency officials to obtain any documents for implementation of the corresponding investment project.
- Financial support for construction of technical infrastructure elements to the borders of the project site, needed for implementation of one or more investment projects.
INVESTMENT CRITERIA

1. Manufacturing Industry
   - €50/25m and 200 working places

2. High-Tech Manufacturing
   - €15m and 100 working places

3. Services sector
   - €50m and 200 working places

4. High-Tech Services
   - €10m and 50 working places

5. Regions with high unemployment rate
   - €25m and 100 working places

GOVERNMENT INCENTIVES

1. Include all the incentives for CLASS A and B.
2. Institutional Support.
3. Financial grants of up to 50% for education and R&D projects and up to 10% for manufacturing projects.
4. State tax exemption for changing the land status.
5. Acquisition of real estate private state or private municipal property without a tender and at a price lower than the market, but not lower than the tax assessment of the property.
6. Establishment of public-private partnerships with municipalities, universities, other organizations from the academic society and etc.

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WHAT BULGARIA OFFERS

REDUCE RISK
- Political Stability
- Economic Stability

REDUCE COST
- Competitive cost of labor
- Lowest tax rate in EU

INCREASE COMPETITIVENESS
- Staff qualification
- Improving productive capacity

GOVERNMENT AS A PROACTIVE PARTNER

GOVERNMENT INCENTIVES

YOUR COMPANY

www.investbg.government.bg
<table>
<thead>
<tr>
<th>IT development</th>
<th>Back office operations</th>
<th>Chemical and metal Industry</th>
<th>Engineering</th>
<th>Food</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP</td>
<td>HP</td>
<td>Holcim</td>
<td>LIEBHERR</td>
<td>Nestle</td>
</tr>
<tr>
<td>Visteon</td>
<td>IBM</td>
<td>Knauf</td>
<td>Schneider Electric</td>
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<tr>
<td>VMware</td>
<td>Sutherland</td>
<td>ABB</td>
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<td>Italcementi Group</td>
<td>Montupet</td>
<td>Heineken</td>
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<td>Aurubis</td>
<td>Lufthansa Technik</td>
<td>Molson</td>
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<tr>
<td>Nemetschek</td>
<td>Coca-Cola</td>
<td>Solvay</td>
<td>Yazaki</td>
<td>Coors</td>
</tr>
</tbody>
</table>

GLOBAL COMPANIES INVESTED IN BULGARIA

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NEXT STEP TO SUCCESS
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THANK YOU FOR YOUR ATTENTION