



Invest Bulgaria – your success is our mission

Business Forum – July 11th, 2023

Julian Balchev
Secretary General

About us

- One-stop-shop
- End-to-end support
- Enhance investment climate
- Synergies with the ecosystem
- Support for future expansions



Tailor-made solutions



Long-term partnership approach



Added Value



Agility

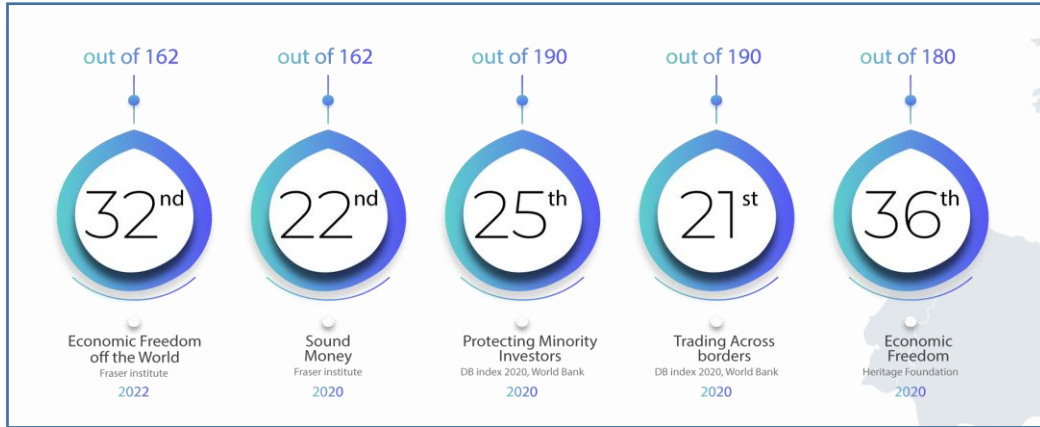
Bulgaria

TOTAL AREA - 110,994 km²

POPULATION - 6.8 million

CAPITAL CITY - Sofia

MEMBER OF EU, NATO, IMF, WTO



Why Bulgaria

Market

Free export to the EU

Access to 1.3 bn customers

Connecting point to Asia and Middle East

People

One of the strongest IT and engineering talent pools in EU

50% speak at least one foreign language

Labour force – 3,3 mln people with 5,3% unemployment rate

Competitive

GDPR and EU expertise

Access to +\$20 bn of national and EU funding by 2030

Resilient infrastructure and low operational costs



Competitive in the EU

- In 2022, GDP **grows by 3.3%**
- Second fastest **growing industrial production** in the EU
- FDI for 2022 **increased 70% reaching € 2,3 bn**
- **Resilient electricity and gas supply** at one of the most competitive prices in the EU
- The **most competitive operational costs** in the EU

Did-you-know

Bulgaria is in Top 10 countries in the world with fastest mobile internet connection

Bulgaria ranks 3rd in terms of IT specialist per capita

Bulgarian Olympiads are at the top of the world rankings in mathematics, informatics and physics

First world-class AI research and deep-tech institute in Eastern Europe

Taxation rates

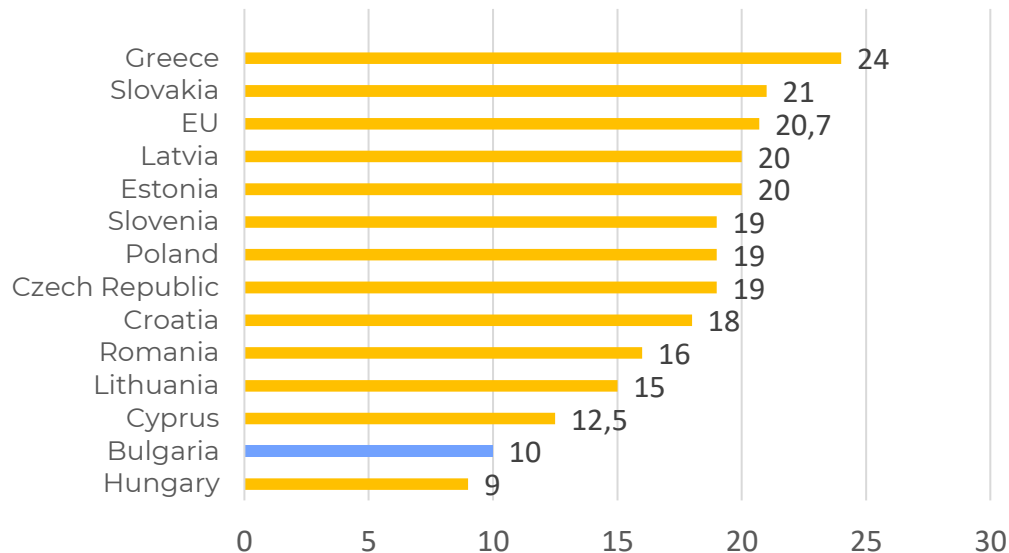
One of the lowest in the EU

10 % Corporate income tax - flat

10 % Personal income tax

General VAT is 20 %

CIT rates



0% corporate tax rate in zones with unemployment 25% or higher than the average



Fastest growing sectors



AUTOMOTIVE



MECHANICAL ENGINEERING



HEALTH & LIFE SCIENCE



ELECTRONICS



IT and BPO



ROBOTICS & MECHATRONICS

An aerial view of a multi-lane highway in a city, with a modern skyline in the background. Overlaid on the image are several glowing blue circular icons: two 'P' symbols, a plug symbol, a car with a plug symbol, and a gear symbol. A semi-transparent blue banner is positioned across the middle of the image, containing the main title.

AUTOMOTIVE R&D IN BULGARIA AUTONOMOUS, CONNECTED, ELECTRIC

EUR 8 Bn
Turnover



11%
of GDP



350+
Companies



36
R&D Centers

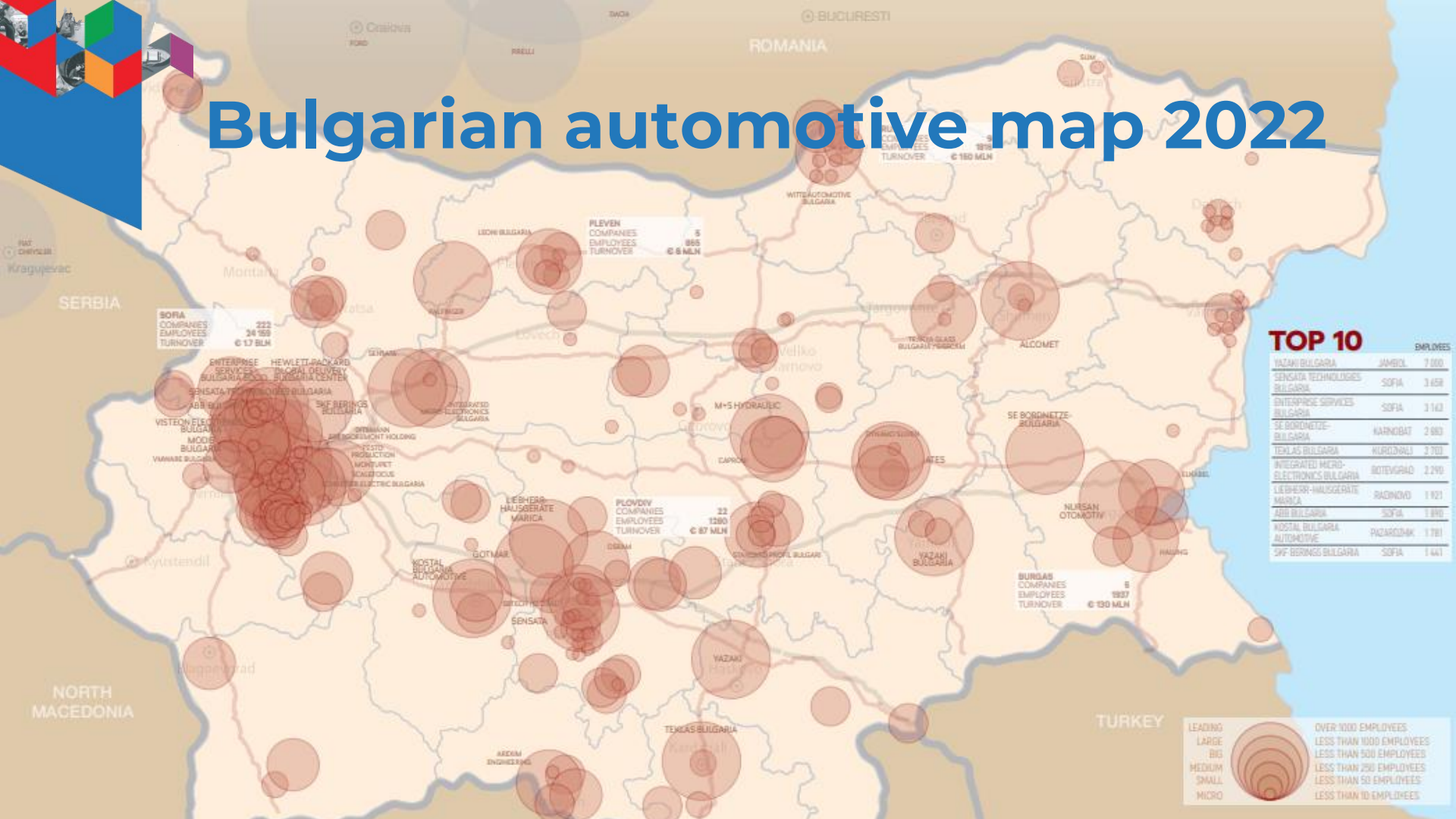


75 000+
Workers





Bulgarian automotive map 2022



SOFA
 COMPANIES
 EMPLOYEES
 TURNOVER
 222
 24 158
 € 1.7 BLN

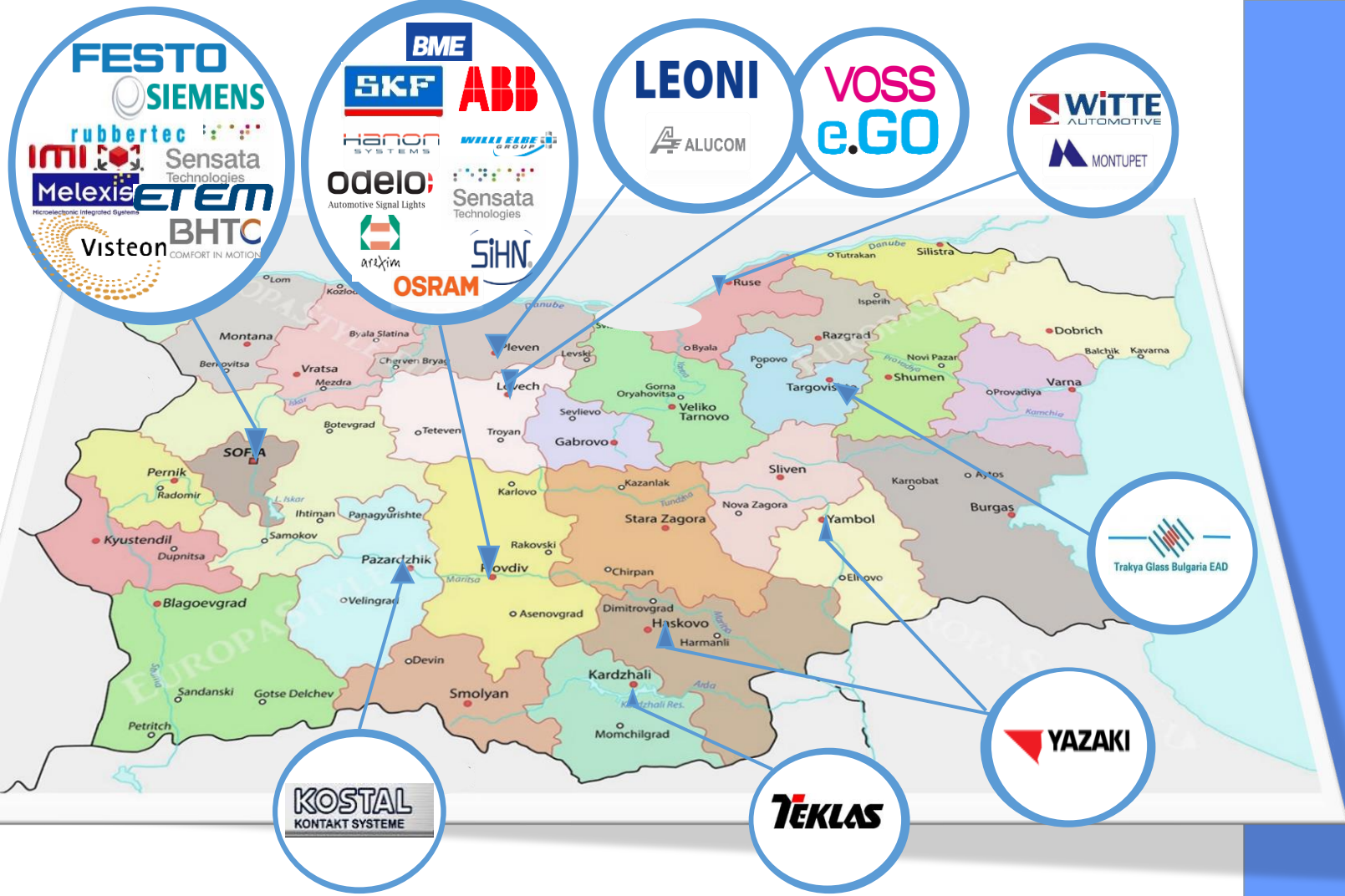
PLEVEN
 COMPANIES
 EMPLOYEES
 TURNOVER
 5
 865
 € 8 MLN

PLOVDIV
 COMPANIES
 EMPLOYEES
 TURNOVER
 22
 1280
 € 87 MLN

BURGAS
 COMPANIES
 EMPLOYEES
 TURNOVER
 5
 1937
 € 130 MLN

| TOP 10 | | | EMPLOYEES |
|---------------------------------------|-----------|--|-----------|
| HAZAKI BULGARIA | JAMBOL | | 7 000 |
| SENSATA TECHNOLOGIES BULGARIA | SOPIA | | 3 658 |
| ENTERPRISE SERVICES BULGARIA | SOPIA | | 3 143 |
| SE BORDNETZE-BULGARIA | KARNOBAT | | 2 883 |
| TEKLAS BULGARIA | KURDZHALI | | 2 703 |
| INTEGRATED MICRO-ELECTRONICS BULGARIA | ROTEVGRAD | | 2 290 |
| LEIBHERR-HAUSGERATE MARCA | RACINOVO | | 1 921 |
| ABB BULGARIA | SOPIA | | 1 890 |
| KOSTAL BULGARIA AUTOMOTIVE | PAZARSIK | | 1 781 |
| SKF BERINGS BULGARIA | SOPIA | | 1 441 |

| | | |
|---------|------------------------|--------------------------|
| LEADING | | OVER 1000 EMPLOYEES |
| LARGE | | LESS THAN 1000 EMPLOYEES |
| BIG | | LESS THAN 500 EMPLOYEES |
| MEDIUM | | LESS THAN 250 EMPLOYEES |
| SMALL | | LESS THAN 50 EMPLOYEES |
| MICRO | LESS THAN 10 EMPLOYEES | |



STORIES OF SUCCESS

IT & BPO

EUR 3.3 Bn
Turnover



6.0%
of GDP



35
Universities



EUR 1 669
Average gross salary



10 000
Newly hired people in 2021
(200% growth/2020)



UNICORN
First unicorn in the field
of FinTech



Fintech

BG is the fintech leader of Eastern Europe – Rapidly growing sector with the first Bulgarian Unicorn

FINTECH

- ❖ 135 Fintechs
- ❖ 11 Payment Institutions
- ❖ 8 e-Money Institutions
- ❖ The leading sub-sector - Digital Payments
- ❖ 90+ Fintech Supporting companies

€650 million (▲ 11%)
Operating revenue
in 2020¹

1.14%
of Bulgarian GDP
in 2019

9,000 +
employed in Fintech
in 2020



Health and Life Sciences

€ 10 Bn
Turnover



12%
of GDP



22 000+
Companies



128
R&D Centers



145K+
Workers





Talent

- ❖ Wide network of secondary schools with an intensive focus on languages, mathematics and science
- ❖ 52 universities across 14 cities (35 offer majors related to the sourcing industry)
- ❖ 12 000 students enrolled in ICT specialties
- ❖ 6 000 in foreign language
- ❖ Private ICT colleges and academies

Number of Schools and Universities Preparing Students for Potential Sourcing Jobs:

84

Language schools

128

High Schools of Mathematics, Science and Economics

35

Universities in Language, Economics or IT Majors

Education and innovation

INSAIT the first world-class AI research and deep-tech institute in Eastern Europe

Affiliated by... **ETH** zürich **EPFL**

- ❖ World-class academic standards, industry support and scientist
- ❖ PhD students, researchers, deep-tech IP, start-ups creation, and exchanges
- ❖ Access to one of the world's strongest talent pools in the AI and computing in general: Eastern Europe

650

Start-ups &
Scale-ups

63

Research centers and
independent software schools

20

Private software
academies

\$100M initial
government funding



\$15M industry
support





Discoverer is a Petascale supercomputer capable of executing more than 4,2 Petaflops Rmax and over 6 petaFLOPS Rpeak



State-owned industrial zones



14 Industrial zones
1 100 ha of industrial areas

Economic zone Dobroslavtsi – home of automotive industry





Connect and progress through space technology

- ❖ ENDUROSAT engineers, builds, and operates exceptional NanoSats
- ❖ In-orbit edge computing
- ❖ Next-gen environmental monitoring system
- ❖ Strategic space infrastructure built and operated from a space center in Bulgaria

The world's first cargo drone airline

- ❖ 2500km range
- ❖ Cost efficiency air cargo (2.5x – 4x cheaper per freight-tonne-km FTK)
- ❖ Same-day direct connectivity, bypassing large hubs
- ❖ ~90% lower emissions than current transport options, by running on synthetic fuels



Funding opportunities for businesses and start-ups

- ❖ **European and national funding in Bulgaria (up to 2030) - more than \$20bn**
- ❖ **Innovation, digitalization, cyber security, R&D programs**
- ❖ **Access to European innovation fund – \$12bn**
- ❖ **Well-developed ecosystem of local and regional VCs**



Investor's success is our mission



Alcomet

"...We were supported by **InvestBulgaria Agency** during the implementation of our investment program, with all possible financial and human resources."



Nestlé
Petar Stoilov
Member of the directors board

"...**Bulgaria** has a huge potential to attract more **strategic investors** to develop and implement innovations with the support of the highly qualified Bulgarian specialists."



Schneider Electric Bulgaria
Radoslav Koshkov
Manager

"...**Schneider Electric** has an excellent relationship with InvestBulgaria Agency since the time of our first investment in production, more than **20 years ago**. We are successfully partnering with IBA in the mission to show advantages of Bulgaria as an investment destination."



Victor Karadjov
Head of GBS Center

"...**Palfinger** chose **Sofia** for its Global Business Service Center because of the accumulated knowledge in the field of business services and presence of established specialists in the industry."



Acronis
Stanislav Protassov
Technology President and Co-founder

"...The country has good traditions in IT and experienced specialists in the field of computer science and software engineering. Bulgaria is a unique place for **Acronis**, as this is where the company's main and largest **R&D center** is located."



GOVERNMENT INCENTIVES

Certification Criteria

Under the Investment Promotion Act (IPA)



EMPLOYMENT ESTABLISHMENT

Creating new working places is within the requirements for receiving certificate by the investor.



ECONOMIC ACTIVITY

The targeted sectors are defined by the State and high-tech, high-value-added projects are prioritized.



LOCATION

Locations with higher unemployment rates are prioritized and more incentives could be provided by the State.



Government incentives

Financial incentives

- Financial support for training;
- Social security cash back;
- Financial support for construction of the elements of the technical infrastructure;
- Acquisition of private-municipal or private-state owned land.



Provision of Tailor-made Incentive package for Priority Investment Projects.

Non-financial incentives

- Shortcut on administrative terms;
- Individual administrative and information support;
- Interdepartmental task force for institutional support;
- Establishment of public-private partnership with municipalities, universities and other organizations;
- Acquiring real estate (private state or private municipal property) without a tender or a competitive bidding procedure.

Certificates

Under the Investment Promotion Act (IPA)

| | PriorityClass | Class A | Class B |
|--|----------------------------|------------------------------------|-----------------------------------|
| THRESHOLD | € 50.00 M 50 – 150 Jobs | € 1.00 M – 5.00 M 25 – 150 Jobs | € 500 K – 2.50 M 10 – 100 Jobs |
| INCENTIVES | | | |
| SHORT CUT ON ADMINISTRATIVE TERMS | ✓ | ✓ | ✓ |
| NO TENDER – NO COMPETITION FOR ACQUISITION OF STATE / MUNICIPAL LAND | ✓ | ✓ | ✓ |
| FINANCING VOCATIONAL TRAINING | ✓ | ✓ | ✓ |
| SOCIAL SECURITY CASH BACK | ✓ | ✓ | ✓ |
| INDIVIDUAL SERVICES | ✓ | ✓ | |
| FINANCING TECHNICAL INFRASTRUCTURE | ✓ | ✓ | |
| PUBLIC-PRIVATE PARTNERSHIP | ✓ | | |
| NO TAX ON CHANGING LAND STATUS | ✓ | | |
| BUYING PUBLIC LAND ON FAVOURABLE PRICES | ✓ | | |
| GRANTS FOR R&D | ✓ | | |



Common EU rules and procedures exist



Bulgaria, as a Member State of the EU, is required to apply the State aid regime



What Bulgaria offers

STABILITY

- ❑ EU, NATO & WTO member
- ❑ Currency board
- ❑ Low budget deficit and government debt

EDUCATED AND SKILLED WORKFORCE

- ❑ 80 000 students abroad
- ❑ 25 % of population hold university degree
- ❑ 49,5 % of population speak at least one foreign language

EASY MARKET ACCESS

- ❑ European Union
- ❑ Turkey
- ❑ Middle East

REDUCED COST AND RISK

- ❑ Attractive taxation system
- ❑ Competitive cost of labor
- ❑ Favorable office rents and low cost of utilities

GOVERNMENT INCENTIVES

- ❑ Social security benefits
- ❑ Tax benefits
- ❑ Vocational education benefits



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