WE SPEAK FLUENT BUSINESS
LET’S TALK LITHUANIA.

October | 2014

www.investlithuania.com
Let’s talk Lithuania
Facts & Figures

<table>
<thead>
<tr>
<th>Population¹</th>
<th>2.98 mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour Pool</td>
<td>1.5 mln</td>
</tr>
<tr>
<td>Capital</td>
<td>Vilnius</td>
</tr>
<tr>
<td>Official language</td>
<td>Lithuanian</td>
</tr>
<tr>
<td>Dominant foreign languages</td>
<td>English, Russian, German, Polish</td>
</tr>
<tr>
<td>Real GDP growth²</td>
<td>3.4% (2015)*</td>
</tr>
<tr>
<td></td>
<td>2.9% (2014)*</td>
</tr>
<tr>
<td></td>
<td>3.3% (2013)</td>
</tr>
<tr>
<td></td>
<td>3.8% (2012)</td>
</tr>
<tr>
<td></td>
<td>6.0% (2011)</td>
</tr>
</tbody>
</table>

#1 For GDP/Capita growth in EU³
#21 Freest economy in the world⁴
#11 For ease of starting business⁵

¹ Source: Statistics Lithuania, 2013
² Source: Ministry of Finance, September 2014
³ Source: Eurostat, 2004-2013
⁴ Source: Heritage Foundation, Economic Freedom Index, 2013
Let’s talk Lithuania
FDI Projects overview

TOP INVESTING COUNTRIES
BY NUMBER OF PROJECTS¹ / 2010-2013

- UK 10%
- USA 10%
- Sweden 10%
- Norway 9%
- Finland 8%
- Germany 8%
- Denmark 7%
- Other 38%

FDI PROJECTS BY ACTIVITY¹ / 2010-2013

- Manufacturing 29%
- Business Services 18%
- Sales, Marketing & Support 13%
- Shares Service Centre 19%
- IT 11%
- Other 10%

Source 1: The Financial Times FDI monitoring database, 2014 and Invest Lithuania data
PRIORITY SECTORS FOR INVESTMENT

1. SSC & Business Services
2. Manufacturing
3. Life Sciences
Let’s talk Lithuania
#1 Global SSC & Business Service in Lithuania

**Barclays Technology & HR Centre**
- Functions: IT development and support
- Headcount: 1,300
- Established in: 2009, Vilnius

**CSC BPO Centre**
- Functions: IT development and support
- Headcount: 330+
- Established: 2007, Vilnius

**Western Union Global Operations Centre**
- Functions: IT, Accounting, Compliance
- Headcount: 1,200+
- Established in: 2010, Vilnius

**CITCO BPO Centre**
- Functions: Accounting and legal services
- Headcount: 200+
- Established in: 2007, Vilnius

**SEB Shared Service Centre**
- Functions: IT and support, F&A, HR operations
- Headcount: 520
- Established in: 2008, Vilnius

**Danske Bank Shared Service Centre**
- Functions: F&A services
- Headcount: 520
- Established in: 2012, Vilnius
Lithuania: Western Union’s Global Operations Centre

“
The talent we have found in Lithuania has been motivated and inspired to drive results and improvements in Western Union’s globally diverse and dynamic business.”

Kendra Ricenbaw, Managing Director for Western Unions’ Europe Regional Operating Center and a Vice-President of Western Union

Functions:
- 24/7 Global Processing Center:
  - Accounting
  - Accounts payable
  - Settlement
  - Credit & risk
  - Anti-money laundering
  - Compliance
  - IT support

FTE: 1,200+
Languages: 26 languages
Est.: 2010, Vilnius
Let’s talk Lithuania

#1 Global SSC & Business Service Overview

- **11,400** professionals employed in 51 SSC/BPOs
- **82% growth** of the SSC industry in the past 3 years
- **2x less saturated** market than other cities in the region

**TOP Countries Investing in SSC**

- **#1 UK** 10 SSC/BPO’s
- **#2 US / DK** 8 SSC/BPO’s
- **#3 NO** 7 SSC/BPO’s
- **#4 SE / FI** 5 SSC/BPO’s

![SSC & BPO PRESENCE IN LITHUANIA](image)

Source 1: Annual Shared Services and BPO Conference 2013, Deloitte
Source 2: Invest Lithuania, 2014
Source 3: The Financial Times FDI monitoring database, 2014
Let’s talk Lithuania

#2 International Manufacturing Presence in Lithuania

**MARS Manufacturing plant**

- **Products:** pet food
- **Headcount:** 800
- **Established:** 1993, Klaipeda region

**YAZAKI Manufacturing plant**

- **Products:** automotive wiring harnesses
- **Headcount:** 700+
- **Established:** 2002, Klaipeda

**Kinze Manufacturing plant**

- **Products:** seeding and planting equipment
- **Headcount:** ~20 [250 by 2016]
- **Established:** 2013 / Vilnius region

**Schmitz Cargobull Manufacturing plant**

- **Products:** iso-thermal trucks, trailers and semi-trailers
- **Headcount:** 330+
- **Established:** 1999, Panevezys

**Kitron Manufacturing plant**

- **Products:** electronic circuit boards
- **Headcount:** 400
- **Established:** 1993, Kaunas

**Philip Morris International Manufacturing plant**

- **Products:** Tobacco
- **Headcount:** 430
- **Established:** 1993 / Klaipeda
Lithuania: Schmitz Cargobull

“
Our efficiency rates in Lithuania are outstanding. Local team of innovative engineers and the flexible production line we've put in place have allowed us to stay ahead of the curve to exceed the demands of the constantly shifting market needs.”

Raimundas Petrauskas
Managing Director at Schmitz Cargobull Baltic

Products:
- Thermo-insulating panels
- Isothermal transportation equipment: insulated trucks, trailers and semi-trailers

Employees: 330+

Est.: 1999, Panevezys
Let’s talk Lithuania

#2 Manufacturing Sector Overview

- **x2 larger turnover** of foreign controlled manufacturing companies since 2009\(^1\)
- **20%** of Lithuania’s GDP accounts to manufacturing\(^1\)
- **>66%** of all manufacturing production is exported mainly to:
  - Germany
  - Netherlands
  - Latvia
  - Poland
  - UK
  - Estonia

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**TOP COUNTRIES INVESTING IN MANUFACTURING / 2010-2013\(^2\)**

- Norway
- Sweden
- Denmark
- Germany
- Finland
- Russia
- Other

**MANUFACTURING STRUCTURE / 2012\(^1\)**

- Food & Beverages
- Engineering products
- Furniture, Wood, Pulp & Paper
- Chemicals
- Textile and Apparel
- Other

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Source 1: Statistics Lithuania, 2013
Source 2: The Financial Times FDI monitoring database, 2014 and Invest Lithuania data
Let’s talk Lithuania

#3 International Life Science Presence in Lithuania

<table>
<thead>
<tr>
<th>Company</th>
<th>Manufacturing</th>
<th>Products</th>
<th>Headcount</th>
<th>Established</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valeant</td>
<td>Manufacturing</td>
<td>injectable compounds</td>
<td>115+</td>
<td>2011, Kaunas</td>
</tr>
<tr>
<td>ThermoFisher</td>
<td>Manufacturing / R&amp;D</td>
<td>reagents</td>
<td>450+</td>
<td>2010, Vilnius</td>
</tr>
<tr>
<td>Intersurgical</td>
<td>Manufacturing</td>
<td>respiratory care products</td>
<td>1,720+</td>
<td>1996, Vilnius</td>
</tr>
<tr>
<td>Sicor Biotech UAB</td>
<td>Manufacturing / R&amp;D</td>
<td>recombinant proteins</td>
<td>220+</td>
<td>2004, Vilnius</td>
</tr>
<tr>
<td>Moog</td>
<td>Manufacturing / R&amp;D</td>
<td>medical devices</td>
<td>450+</td>
<td>2010, Vilnius</td>
</tr>
<tr>
<td>Biotechpharma</td>
<td>Manufacturing</td>
<td>recombinant proteins</td>
<td>70+</td>
<td>2004, Vilnius</td>
</tr>
</tbody>
</table>
Thermo Fisher’s investment in Lithuania is our symbol of confidence in the biotechnology talent within Lithuania and its potential impact worldwide.

Alan Malus
Executive VP at Thermo Fisher Scientific

<table>
<thead>
<tr>
<th>Activity:</th>
<th>creates, produces, and sells products of molecular biology (enzymes primarily)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees:</td>
<td>450+</td>
</tr>
<tr>
<td>Est.:</td>
<td>2010, Vilnius</td>
</tr>
</tbody>
</table>
Let’s talk Lithuania

#3 Life Sciences Sector Overview

- 345 manufacturers in the industry
  
- Life sciences industry has expanded by 15% over 2009-2012, reaching ~EUR 400 mln

- Pharmaceutical and medical production exports have grown by almost 30% over 2009-2012

- >70% of all pharmaceutical and medical production is exported mainly to:
  
  Germany
  France
  UK
  Russia
  USA
  Latvia

**STRUCTURE OF LIFE SCIENCES SECTOR**

- Medical & dental practice
- Manufacturing of medical & dental equipment
- Manufacturing of pharmaceuticals
- Manufacturing of measuring, testing & navigation equipment
- R&D in natural sciences and engineering

Source 1: Statistics Lithuania, 2012
Source 2: Statistics Lithuania and Invest Lithuania’s estimations
Source 3: Statistics Lithuania, 2013
LITHUANIA’S QUALITIES

1. Young competence & talent
2. Fast to connect infrastructure
3. Cost & quality combined
4. Business friendly environment
5. Perfect living pace
Lithuania’s qualities

#1 Young competence & talent

Top 5 in the EU with the highest ratio of young people\(^1\)

Ambitious young professionals

- **#1 in the EU** or 93\% of our population have higher or secondary education\(^2\)
- **#1 in the EU** for mathematics, science and technology graduates per capita\(^3\)
- 18\% of Lithuania’s young professionals specializes in engineering, manufacturing and construction (\(\times 2\) EU average)\(^4\)
- 50\% of all student population study fields applicable for services industry\(^5\)

Source 1: Eurostat, 2013
Source 2: Eurostat, 2013 (age group 25-64)
Source 3: Eurostat, 2011 (age group 20-29)
Source 4: Eurostat, 2011 (age group 25-29)
Source 5: Ministry of Education and Science, 2014
Lithuania’s qualities
#1 Young competence & talent

STRUCTURE OF STUDENTS AT HIGHER EDUCATION 2013/2014

- Social Sciences: 8%
- Technical Sciences: 5%
- Biomedical Sciences: 13%
- Humanities & Arts: 19%
- Physical Sciences: 55%

Language
- 80% proficiency in English among young professionals
- 50% speak at least 2 foreign languages
- Main languages: English, Russian, German, Polish, Scandinavian and Romanic languages

Source 1: Population Census, 2011
Source 2: Europeans and their languages, 2012
Source 3: Ministry of Education and Science
Lithuania’s qualities

#2 Fast to connect infrastructure - communications

- **Leading** broadband speed in the EU and globally\(^1\)
- **Fastest public** Wi-Fi in the world\(^2\)
- **#1 in the EU** for fibre-to-home penetration\(^3\)
- **#4 globally** in fulfilling business needs for ICT\(^4\)
- **#3 most affordable** internet in the EU\(^1\)

\(^{1}\) Source 1: Ookla Net Index, 2014
\(^{2}\) Source 2: Rotten Wi-Fi tests, 2014
\(^{3}\) Source 3: Fibre to the Home Council, 2013
\(^{4}\) Source 4: IMD World Competitiveness Yearbook, 2014
Lithuania’s qualities

#2 Fast to connect infrastructure - logistics

1st in the CEE for quality of roads

Road & Rail:

- **25,800 truck fleet** in Lithuania in comparison with Germany: 308,078, Denmark: 21,038, Sweden: 15,248
- Rail cargo services direct to Russia, Belarus, Latvia, Poland, Germany, Ukraine and Asia (incl. China)

Air:

- 4 International Airports, access to major European cities and Moscow within 2-3 hours flight

Sea:

- Klaipeda State ice-free Seaport
- **14.5 m** deep port, handling up to **60 mln tons** of cargo annually, the largest port in the Baltic States

Source 2: European commission, 2012
Source 3: www.portofklaipeda.lt
Lithuania’s qualities

#3 Cost & quality combined

Average real wage growth for 2014-2015: 2.5%

Average Monthly Gross Wages (EUR), 2013

<table>
<thead>
<tr>
<th>Position</th>
<th>Average Monthly Gross Salary, EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Technologist</td>
<td>870</td>
</tr>
<tr>
<td>Technical Supervision Engineer</td>
<td>1,010</td>
</tr>
<tr>
<td>Project Manager</td>
<td>1,160</td>
</tr>
<tr>
<td>Technical Director</td>
<td>1,740</td>
</tr>
</tbody>
</table>

Source 1: National Statistics Departments, 2013
Source 2: European Commission, European Economic Forecast, Spring 2014
Source 3: Alliance for Recruitment, 2014
# Lithuania’s qualities

## #4 Business friendly environment

### Corporate profit tax

<table>
<thead>
<tr>
<th></th>
<th>LT</th>
<th>LV</th>
<th>PL</th>
<th>DE</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT</td>
<td>0 - 15%</td>
<td>15%</td>
<td>19%</td>
<td>&lt; 33%</td>
<td>22%</td>
</tr>
<tr>
<td>VAT</td>
<td>21%</td>
<td>21%</td>
<td>23%</td>
<td>19%</td>
<td>25%</td>
</tr>
</tbody>
</table>

### Dividends

<table>
<thead>
<tr>
<th></th>
<th>LT</th>
<th>LV</th>
<th>PL</th>
<th>DE</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT</td>
<td>0-15%</td>
<td>0%</td>
<td>0-19%</td>
<td>0-25%</td>
<td>0-30%</td>
</tr>
</tbody>
</table>

### Personal income tax

<table>
<thead>
<tr>
<th></th>
<th>LT</th>
<th>LV</th>
<th>PL</th>
<th>DE</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT</td>
<td>15%</td>
<td>24%</td>
<td>&lt; 32%</td>
<td>&lt; 45%</td>
<td>&lt; 57%</td>
</tr>
</tbody>
</table>

### Social security tax

<table>
<thead>
<tr>
<th></th>
<th>LT</th>
<th>LV</th>
<th>PL</th>
<th>DE</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT</td>
<td>9% employee</td>
<td>10.5% employee</td>
<td>Total 35%</td>
<td>Total ~40%</td>
<td>7% employee</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance of the Republic of Lithuania
Source: Sorainen Tax Card 2014

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# BEST PLACE TO INVEST IN EUROPE

Source: Baseline Profitability Index 2014, Foreign Policy

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## DOING BUSINESS IN LITHUANIA

Source: Ministry of Economy of the Republic of Lithuania, 2013
Lithuania’s qualities

#4 Business friendly environment – tax free zones

7 Free Economic Zones (FEZ):

- 0% corporate tax for the first 6 years*
- 50% discount on corporate tax over the next 10 years*
- 0% tax on dividends*
- 0% tax on real estate*

Industrial Parks (IP)

6-12 months delivery of build-to-suit manufacturing facilities

* Conditions apply
Lithuania’s qualities

#4 Business friendly environment – financial incentives

- Lithuania’s Government¹:
  - **Up to 25%** of investment to long-term fixed assets or job creation
  - Taxation treaties with 50 countries²
  - Corporate profit tax incentives for R&D - fully deductible expenses x³²
  - Investment projects: corporate profit tax can be reduced up to 50%²

- European Union²:
  - **Up to 50%** of R&D activities
  - **Up to 50%** of employee training

- Additional:
  - **Up to 23.3%** of youth employment costs³
  - **Up to EUR 600 per month** reimbursed for employment of unemployed⁴

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Source 1: Invest Lithuania
Source 2: Ministry of Economy of the republic of Lithuania
Source 3: JSC “Investicijų ir verslo garantijos”
Source 4: Lithuanian Labour Exchange
Lithuania’s qualities

Perfect living pace

Easy access to Europe

- Regular flights to all major European destinations, with flight-times of only 2-3 hours.

Cost of living:

- According to the Mercer Cost of Living Index 2014, Vilnius is one of the five least expensive EU capitals to live in for expatriates.\(^1\)

Lifestyle:

- Vilnius is ranked by the New York Times alongside Copenhagen, Barcelona and Capetown as a hip and well managed place to live.\(^2\)
We are a government agency that provides free investment advice, contacts and data.

Let’s talk if you need someone to:

**INFORM** you on business costs, labour, tax & legal settings and other business areas.

**CONNECT** you to partners and organise your business meetings in Lithuania.

**FACILITATE** the set up and launch of your company, access the government financial support and a range of training schemes.

**SUPPORT** your investment by lobbying for more business friendly laws and assisting in one-off problems.
Let’s talk Lithuania

Invest Lithuania

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“As advocates of the “can-do” attitude, when we first visited Lithuania we were thoroughly impressed by the creativity, energy and entrepreneurial spirit of the people we met. That’s the Wix way, and so Lithuania seemed like a natural fit for our company.”

Boaz Inbal, Manager of External Dev. Centres at Wix.com