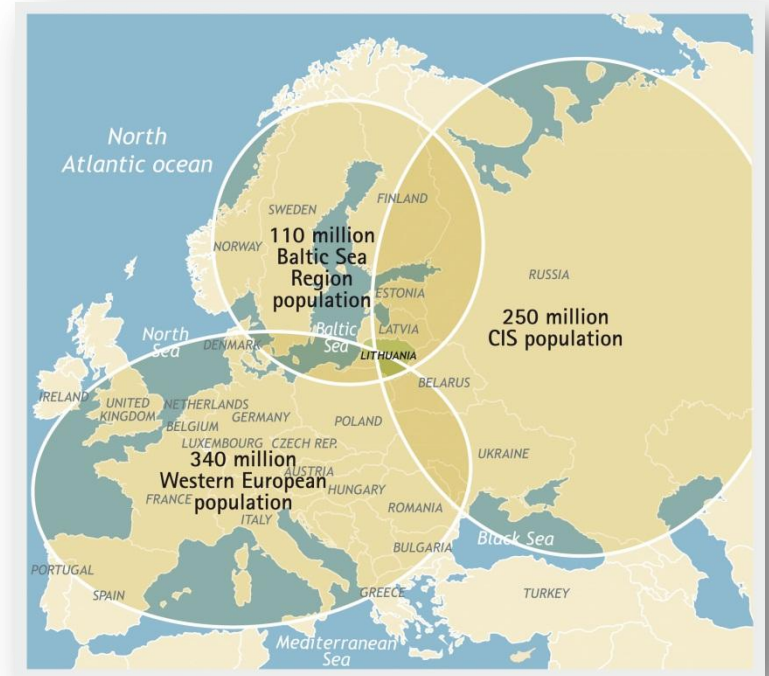


Investment possibilities in Lithuania: Advantages & Opportunities

Lithuania: in the Center of Europe

Facts and Figures

Size:	65,300 km ²
Population:	3.2 million
Capital:	Vilnius
Official language:	Lithuanian (One of the oldest languages in the world, originating from Sanskrit)
Dominant foreign languages:	English, Russian, German, Polish
Currency:	Lithuanian litas (LTL) Pegged to the EUR at 3.45 LTL/1EUR since 2002
Real GDP growth:	
• 2012E	• 2.4% - 3% ¹
• 2011	• 5.9%
Inflation:	
• 2012E¹	• 2.9%
• 2011	• 4.1%



Source : Statistics Lithuania

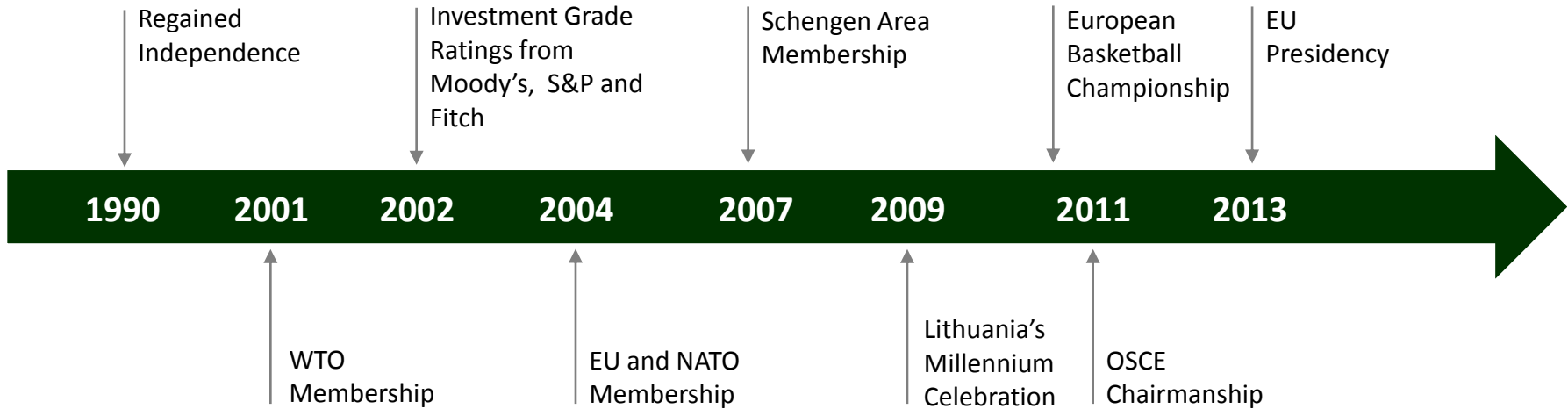
Source 1: Ministry of Finance of the Republic of Lithuania, 2012

Source 2: Bank of Lithuania, 2012

Source 3: European Commission, 2012

Source 4: International Monetary Fund, 2012

Key Milestones



Strong Growth and Promising Future

- One of the most dynamic economies in the EU:
 - average real GDP growth from 1995 to 2007 was 9.8% per year
 - average real GDP growth from 1995 to 2011 was 4.5% per year
- GDP per capita has doubled since the EU accession:
 - 2nd fastest projected GDP growth in the EU²
 - 4th in the World for real GDP growth per capita⁴
- GDP share of the private sector changed from ~0% to more than 80% in the last 20 years
- Transformation from command economy to free market:
 - 11th freest economy in Europe and 23rd freest economy in the World³
 - 27th out of 183 World's economies in the ease of doing business⁵

Remarkable Leap¹

	1995	2011
GDP (€ bn)	5.1	32.2
GDP per capita (€)	1,397	9,952
Cumulative FDI (€ m)	266	10,762
FDI per capita (€)	72	3,346

Source 1: Statistics Lithuania, Bank of Lithuania, Lithuanian Ministry of Economy, Euromonitor International

Source 2: European Commission's European Economic Forecast, Spring 2012

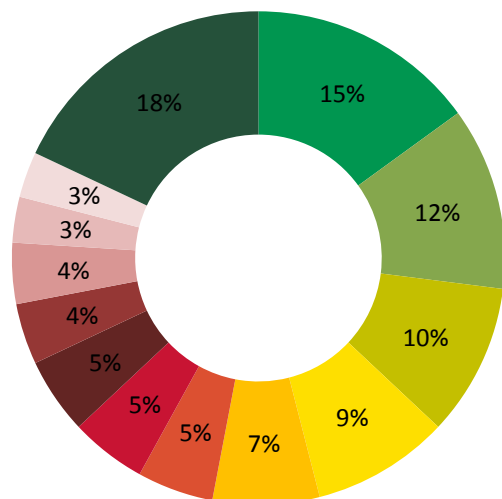
Source 3: Heritage Foundation, Economic Freedom Index, 2011

Source 4: IMD, The World competitiveness yearbook, 2012

Source 5: World Bank Doing Business Report, 2012

FDI in Lithuania

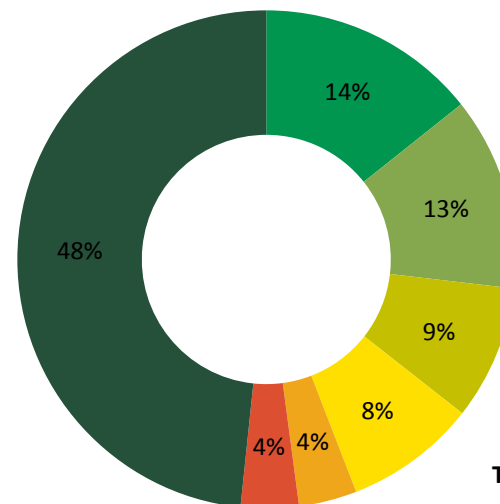
TOP Investing Countries in Lithuania, 2011



Total € 10.77 B

- Sweden
- Poland
- Germany
- Netherlands
- Russia
- Norway
- Finland
- Denmark
- Estonia
- Canada
- Cyprus
- Latvia
- Other

FDI in Lithuania by Economic Activity 2011*



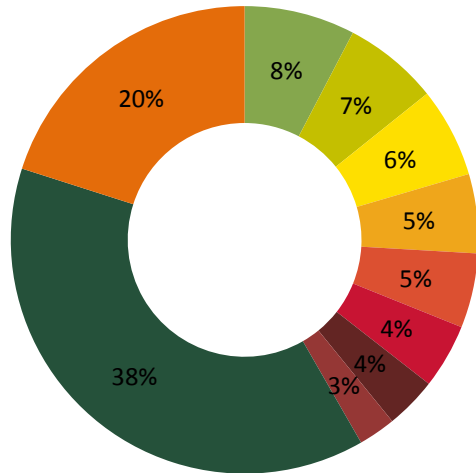
Total € 10.77 B

- Petroleum and chemical products
- Financial services
- Wholesale trade
- Telecommunications
- Pharmaceuticals
- Retail trade
- Other

*Broken down by NACE 2-digit level

Lithuania's Exports

Lithuania's Exports by Sector, 2011

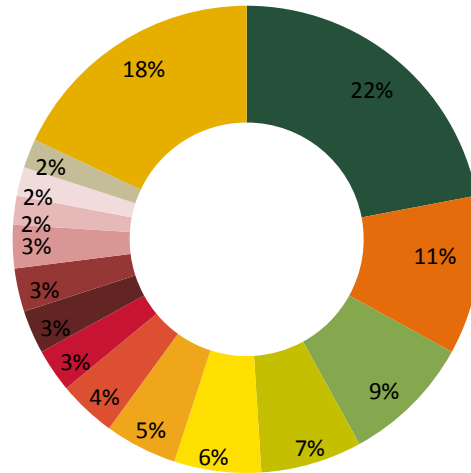


Total € 23,950 M

Excluding mineral products,
total € 5,111 M

- Vehicles and their parts
- Plastics
- Fertilizers
- Wood
- Other
- Machinery and mechanical appliances
- Furniture
- Electrical machinery and equipment
- Dairy produce
- Services

Lithuania's Top Export Partners, 2011



Total € 23,950 M

Excluding mineral products,
total € 5,111 M

- Russia
- Germany
- Latvia
- Belarus
- Poland
- Sweden
- Estonia
- UK
- France
- Denmark
- Norway
- Italy
- Netherlands
- Kazachstan
- Other

Global Presence in Lithuania



PHILIP MORRIS
BALTIC



CITCO



Most Educated Talent Pool in the EU

Labour Pool:

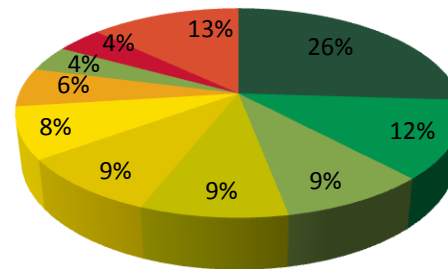
- 1.6 million
- 50% concentrated in the Vilnius capital city area

Education:

- 23 universities and 24 colleges
- 43,000 graduates per year
- 93% of population have secondary or higher education
- 34% of population have college degree or higher

- **1st** in the World Competitiveness Rankings in literacy²
- **1st** in the share of female labor force in the World²
- **1st** in the EU for completion of secondary or higher education³
- **4th** in the EU for share of graduates of total population³

Students at Universities and Colleges¹



- Business Administration
- IT and Engineering
- Social Sciences
- Pedagogics
- Law
- Health Care
- Architecture and Construction
- Humanities
- Arts

Source 1: Statistics Lithuania

Source 2: IMD, World Competitiveness Rankings, 2012

Source 3: Eurostat, 2011 (female labour force, as percentage of total labour force (50,29%)

Availability of Multilingual Employees

Languages Spoken:

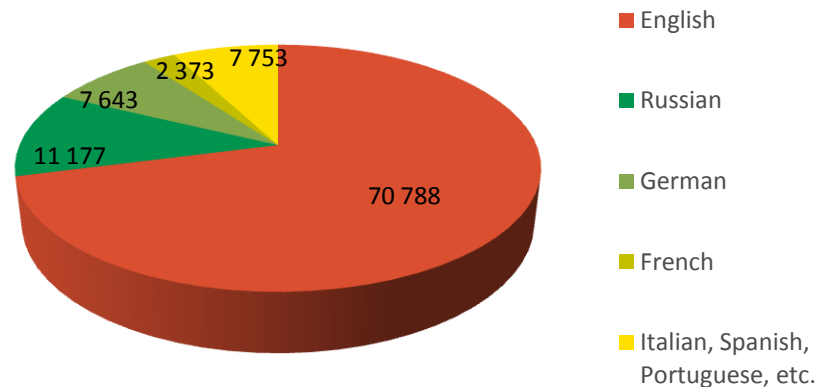
- 80% of population speaks Russian
- 38% of population speaks English
- 24% of population speaks Polish
- 14% of population speaks German
- Scandinavian languages are gaining popularity:
5 universities and 1 college teach Danish, Swedish, Norwegian

Foreign Languages Knowledge:

- 92% of population speaks at least one foreign language (the EU-27 average is 54%)
- 52% of population speaks at least two foreign languages (the EU-27 average is 25%)

- **5th** in the EU for foreign languages knowledge¹
- **7th** in the EU for ability to speak at least 2 foreign languages¹

Students Studying Foreign Languages²



Source 1: European Commission, "Europeans and their Languages", 2012

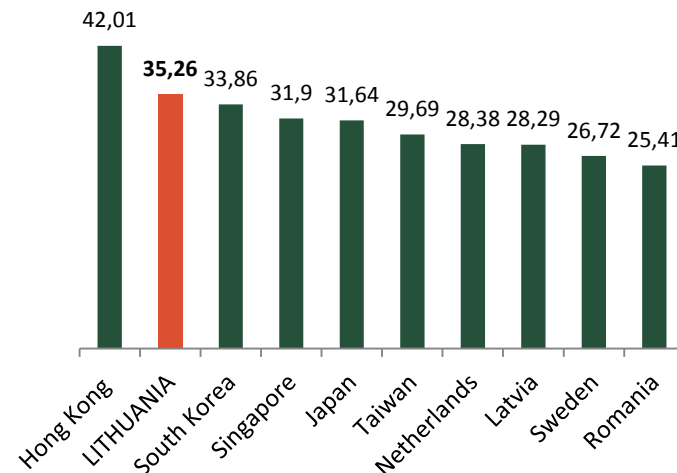
Source 2: Statistics Lithuania, Number of Students studying foreign languages in higher education institutions, 2011-2012

World Class ICT Infrastructure

- 1st in the EU for Internet download and upload speed¹
- 1st in Europe for density of network of public Internet access points (875)
- The capital city of Vilnius has the fastest Internet upload speed in the world⁴
- The most up-to-date ICT technologies (EDGE technology, 3G mobile communications infrastructure, mobile WiMAX 4G Internet etc.) fully implemented and functioning in the entire country
- 92% of financial operations are performed via e-banking

- 1st in the World Competitiveness Rankings for communication technology²
- 2nd in the EU for the share of fixed broadband lines equal to or above 30Mbps³

2nd Fastest Internet Download Speed Worldwide (Mb/s)¹



Source 1: Top 10 fastest (Mb/s) Internet upload speed countries, Cisco with www.speedtest.net

Source 2: IMD, The World competitiveness yearbook, 2012

Source 3: FFTH Council Europe

Source 4: Ookla, 2012

Home to World Leaders in IT



2nd biggest App store globally



3rd best-selling mobile application on the Mac App Store. Apple Design Award 2011



Mobile payment solution enables to make payments using a wide range of devices



1st commercial digital signature pilot for mobile in the World



MagicDraw UML – 1st Java based UML tool trusted by multinational businesses and NASA; distributed in more than 70 countries



No. 1 social network in Nigeria with 2.2 M+ registered users and 5 M+ registered users across the World, focusing on the mobile customers in emergent markets

- ICT sector accounts for 3.1% of GDP
- 4,200 IT students at 8 universities and 8 colleges
- 1,500 IT graduates each year
- 22,000 employed IT professionals
- 980 IT enterprises

Easy Access to both Eastern and Western Markets

Advanced infrastructure

- 4 International Airports; it takes 2-3 hours to get to Lithuania from the major European cities
- Klaipeda State Seaport is the northern-most ice-free port in the Baltic Sea
- 4 intermodal logistic centres

Reliable partners

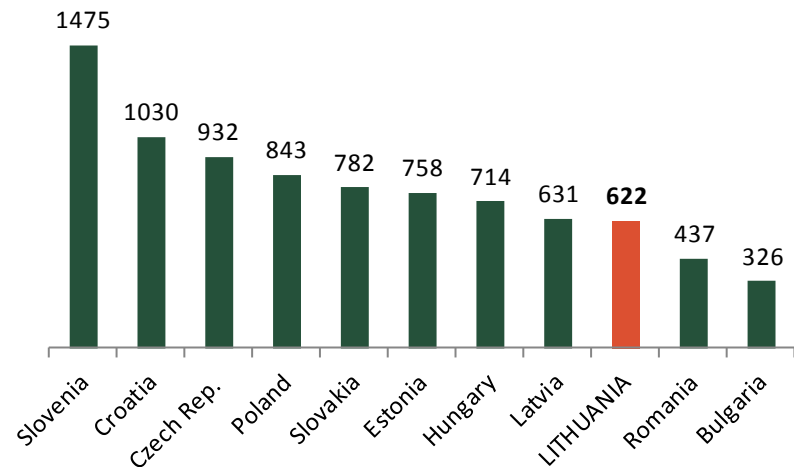
- Lithuanian truck fleet counts more than 30,000 vehicles. Logistics account for 13% of GDP.
- Safe & speedy deliveries are guaranteed by world renowned logistics companies (DHL, DB, Schenker, DSV, TNT, UPS, and other).
- Shuttle cargo train services:
 - “Saule”: the connection between Lithuania and China. Deliveries arrive within 10 days.
 - “Viking”: the route starting at the Ilyichevsk port (Ukraine), goes through Kyiv, Minsk, Vilnius and arrives at Klaipeda State Seaport in 55 hours.



Cost-Effective Business Development Location

- Labour costs are more than four times lower than the EU average¹
- Real gross wages increased only by 2.9% in 2011²
- Slightly slower growth in real wages expected in 2012 (2.4%)²
- Employee turnover (international companies)³:
 - ~2% in production
 - ~8% in services

Average Monthly Gross Wages in EUR, 2011¹



Source 1: Eurostat, "Labour costs in the EU27 in 2011", April 2012

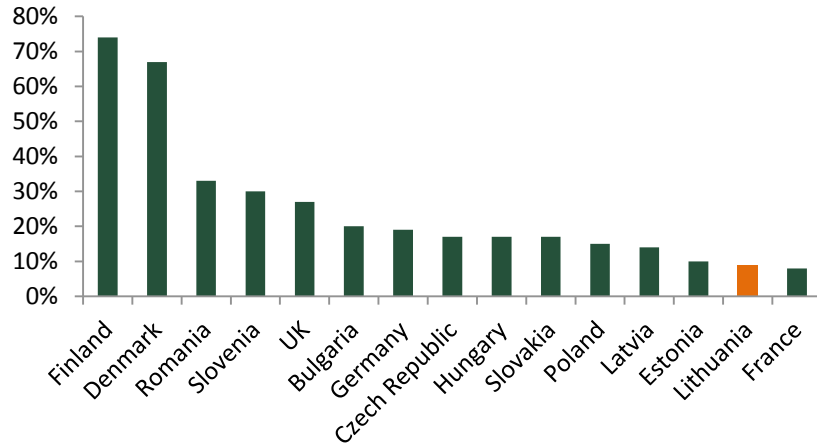
Source 2: Ministry of Finance of the Republic of Lithuania, www.finmin.lt

Source 3: Alliance For Recruitment, www.afr.lt

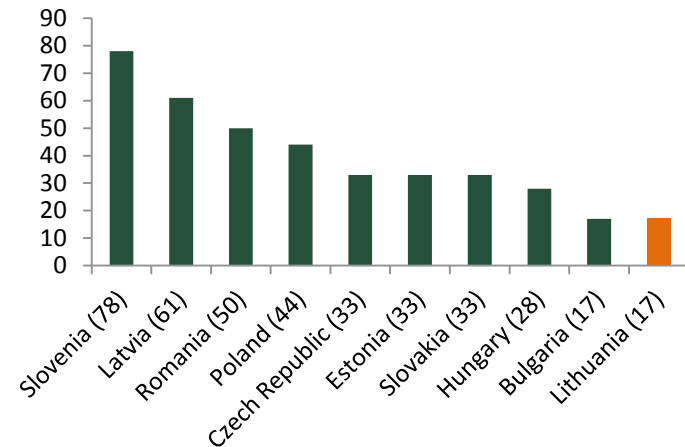
One of The Most Flexible Labour Markets in CEE

- 2nd lowest in the EU by unionization level – only 9% of the employed population are members of a trade union¹
- One of the most flexible labour markets in CEE²:
 - the easiest to hire employees among EU members in CEE
 - 1st / 2nd most flexible wage determination among EU members in CEE
- 2nd among EU countries in CEE for efficiency of the legal framework for private businesses to settle disputes³

2nd Lowest Unionization Level in the EU²



First in CEE by Ease of Hiring Employees¹



Source 1: L.Fulton, "Worker representation in Europe", Labour Research Department and ETUI, 2011

Source 2: Doing Business, 2012

Source 3: WEF Global Competitiveness Index, 2011

Business-Friendly Environment

Investment Incentives for foreign companies establishing new business (Invest LT+ program)

Incentives for investment into new technologies and R&D²

- R&D and experimental expansion expenses are fully deductible three times
- Very short depreciation periods and fast depreciation methods for equipment used for R&D activities
- Depreciation expenses may be set-off against licensing income
- Access to Interest and Royalties and Parent-Subsidiary directives
- Access to extensive Lithuanian Double Taxation Agreement Network

Tax Rate Snapshot¹

Corporate profit tax	15 %
VAT	21 %
Dividends*	Up to 15%
Personal income tax	15%
Employee's social security tax	9%
Social security tax paid by the employer	Up to 31.18%
Real estate tax	Up to 1 %

*Dividends may be exempt under certain conditions:

- 0% applies if investor holds at least 10% of voting shares in the company for at least 12 months
- 0% in Free Economic Zones

Special Territories for Business Development

Seven Special Economic Zones:

- 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

Four industrial parks:

- 12.4 - 49 ha of greenfield territory available
- All necessary physical infrastructure
- Municipal tax incentives



Science and Business Valleys

In Lithuania there are developed 5 **Integrated Science, Studies and Business Centers (Valleys)** with a view to building up research, studies and knowledge economy clusters of international level, accelerating the development of knowledge society and consolidating the long- term foundation for the competitiveness of Lithuania's economy.

The Valleys are located in the three country's largest cities - Vilnius, Kaunas and Klaipėda:

- **Santara** and **Sauletekis** Valleys (Vilnius) – biotechnologies, innovative medicine, biopharmacy, ecosystems, ICT, laser and light technologies, nanotechnologies, semiconductors technologies and electronics, civil engineering.
-
- **Nemunas** and **Santaka** Valleys (Kaunas) – agro biotechnologies, bioenergy and forestry, food technologies, safety and wellness, sustainable chemistry and pharmacy, mechatronics, future energy and ICT.
- **Maritime** Valley (Klaipėda) – maritime technologies and maritime environment.



Small is Beautiful: Great Place to Live

Facts about Lithuania:

- Among Top 10 least expensive European countries to live in¹
- Among Top 40 countries of 221 countries in the World for the quality of life²
- 17th out of 132 countries in the Environmental Performance Index 2012³
- Vilnius - 10th place in the World in Smart City rankings⁴

Rich cultural life and great recreational activities:

- 6 top quality golf courses, 4 ski resorts (incl. an indoor ski complex)
- 105 museums, 33 cinemas, 39 theatres
- Vilnius' Old Town, a UNESCO World Heritage site, is vibrant and pedestrian-friendly



Source 1: Mercer Cost of Living Index 2012

Source 2: Quality of Life index, International Living 2011

Source 3: Environmental Performance Index, Yale Center for Environmental Law and Policy 2012

Source 4: Hip Cities That Think About How They Work, The International Herald Tribune 2011

Advantages & Opportunities:



Most Educated Talent Pool in the EU



Availability of Multilingual Employees



World Class ICT Infrastructure



Easy Access to both Eastern and Western Markets



Cost-Effective Business Development Location



One of The Most Flexible Labour Markets in CEE



Business-Friendly Environment



Special Territories for Business Development



Science and Business Valleys



Small is Beautiful: Great Place to Live

One-Stop-Shop



Information

Consultancy

Analysis

Search

Guidance

Networking

Assistance

Aftercare

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