



Manufacturing

Industry overview

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Key strengths in the manufacturing sector

Experience fused with innovation

▪ A country of engineers

Past and present, Lithuania has always been a country of engineers. Throughout the 20th century, the quality of Lithuanian produce was widely recognised, from 'Snaige' an award winning refrigerators manufacturer through to globally accepted TV sets 'Silelis' produced by Kaunas radio factory in 1972.

In the 21st century, Lithuania's region-leading engineering universities (Vilnius Gediminas Technical University and Kaunas University of Technology) are producing the next generation of skilled specialists to work in a sector that counts for 20% of the country's GDP.

▪ A proactive approach

Lithuanian specialists don't just complete tasks, they are proactive in finding optimum solutions to maximize efficiency, as German manufacturer **Schmitz Cargobull** has discovered.

With its team of dedicated and skilled professionals, the company's Lithuanian facility, established in 1999, has become a leader for profitability and efficiency across the group's international operations. That's why management systems created by the Lithuanian team are now used in Schmitz Cargobull's German factories. And it is why the company plans to invest a further €20 million into its Lithuanian operations over the next 7 years.

▪ Strong, stable infrastructure

For international investors in the manufacturing sector, Lithuania has become a byword for convenience and reliability in terms of its infrastructure.

The country is a member of the BRELL energy ring and recent new connections have fully integrated it into the Nord Pool Spot. As a result, it offers businesses fully reliable energy supplies and some of the lowest prices in the EU. And in terms of logistics, Lithuania is a leader in the region thanks to its strategic location and extensive logistics network, which includes international operators such as Kuehne + Nagel, DB Schenker and DSV. This well-developed systems means **ThermoFisher Scientific** can export its Lithuanian produce to over 70 countries worldwide, all within four days.

▪ Talent in high supply

The quality of Lithuania's manufacturing professionals is matched by their quantity, with the country boasting a deep pool of skilled engineers.

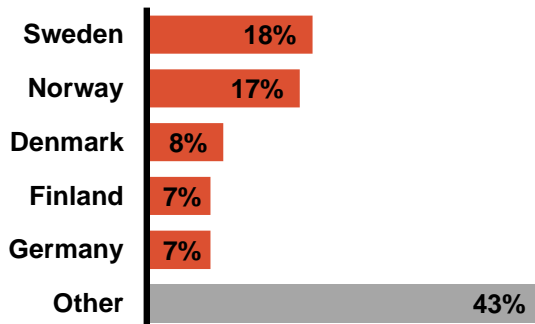
According to the CEO of **Kitron**, a Norwegian electronics manufacturing services company, this wealth of engineering talent makes recruitment straightforward, giving them a wide choice of specialists and resulting in greater loyalty once they have found the right professionals. In fact, attrition levels in the sector average just 3-5%.

Manufacturing

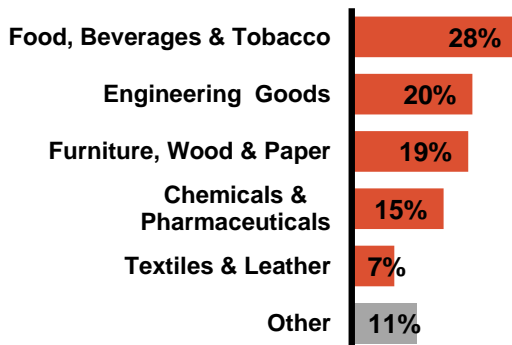
#1 General Overview

- **19%** of Lithuania's total value added is generated by manufacturing¹
- Turnover of foreign controlled manufacturing companies **has doubled** since 2009²
- **70%** of all manufacturing production is exported mainly to³:
 - #1 Germany
 - #2 Latvia
 - #3 Netherlands
 - #4 Poland
 - #5 US

TOP COUNTRIES INVESTING IN MANUFACTURING 2010-2015⁴



MANUFACTURING STRUCTURE | 2014⁵



Products: iso-thermal trucks, trailers and semi-trailers
Headcount: 390+
Est. in: 1999, Panevezys



Products: electronic circuit boards
Headcount: 470+
Est. in: 1993, Kaunas



Products: respiratory care products
Headcount: 1900+
Est. in: 1996, Pabrade



Products: ergo tables
Headcount: 360+
Est. in: 2006, Siauliai



Products: pet food
Headcount: 800+
Est. in: 1993, Gargzdai

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#2 Cost-effective business environment

Lithuania can guarantee a fantastic cost to quality ratio in one of Europe's best environments for business.



Among top 20 countries, together with: Norway, Germany, Ireland, UK, Finland, Sweden and many more¹.

Better or similar to: Poland, Latvia, Slovakia, Czech Republic, Hungary, Bulgaria and many more².

Tax rates	LT
Corporate profit tax	0% / 15%
VAT	21%
Dividends	0% / 15%
Personal income tax	15%
Social security tax	9% employee 30.98% employer

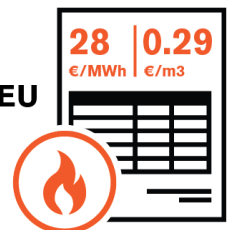
Additional financial incentives

Available European Union incentives³

- Up to 85% of R&D activities costs
- Up to 50% of employee training costs

The lowest price of natural gas in the EU

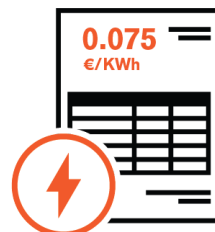
Eurostat, 2015



Special economic zones

0%

- corporate profit tax for **6 years**
- dividend tax
- real estate tax



Among the lowest electricity prices in the region

ESO, 2016

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#3 Fast to connect infrastructure - logistics

Road & Rail:

- 25,800 truck fleet in Lithuania in comparison with Germany: 308,078, Denmark: 21,038, Sweden: 15,248¹
- Rail cargo services direct to Russia, Belarus, Latvia, Poland, Germany, Ukraine and Asia (incl. China)



Air:

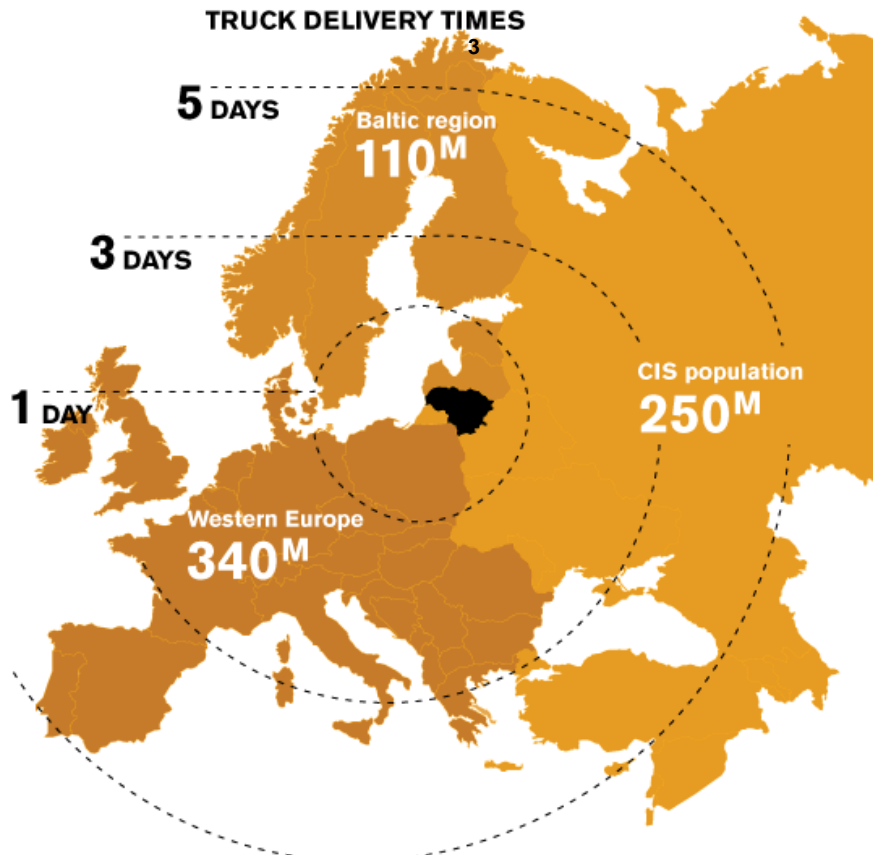
- 4 International Airports, access to major European cities within 2-3 hours flight

1st in the CEE for quality of roads

World Economic Forum, Global Competitiveness Report, 2015

Sea:

- Klaipeda State ice-free seaport
- 14.5 m deep port, handling up to 60 million tons of cargo annually, **the largest port** in the Baltic States²

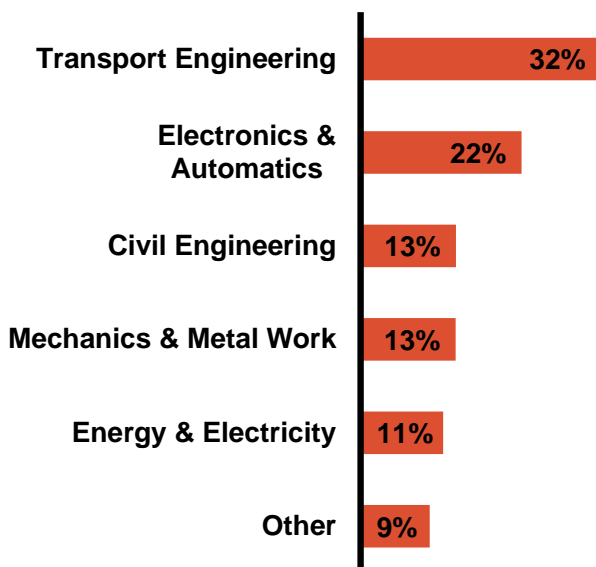


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#4 Competence & talent

- **69%** of population aged 18-35 would like to work for an international company¹
- **3-4%** attrition rate at manufacturing companies²
- **5,460** engineering graduates from universities and colleges³
- **4,590** engineering graduates from vocational schools in 2014³

ENGINEERING STUDENTS' STRUCTURE BY MAJOR FIELDS⁴



1ST IN THE EU



Source: Eurostat 2013

