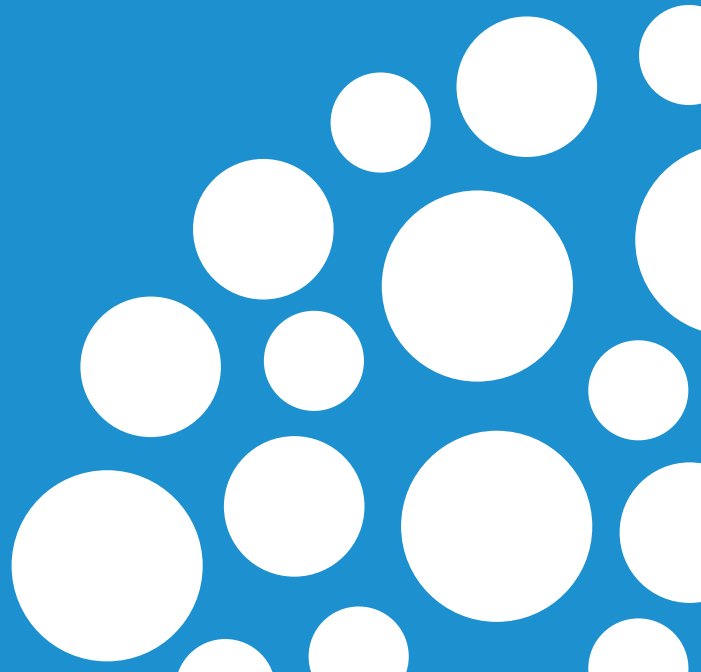


INVESTINPORTUGAL

RIGHT CHOICE.
RIGHT TIME.



aicep Portugal Global



INVEST IN PORTUGAL RIGHT CHOICE. RIGHT TIME.



MIGUEL FRASQUILHO
CEO aicep Portugal Global

Today, Portugal is an attractive destination for investment, offering unique competitive advantages.

Portugal has been changing in recent years. The country implemented around 500 measures and structural reforms (like those in the labour market, which increased flexibility; the streamlining of bureaucracy and licensing; changes to the judicial system, to speed up justice and make it more credible to investors; and the reform of corporate income tax that came into effect in 2014, creating one of Europe's most favourable corporate tax regimes by 2018), and has been correcting structural imbalances, like the external and public accounts.



Our competitiveness has been improving, as shown in the last World Economic Forum Competitiveness report, in which Portugal rose 15 positions – standing now as the 36th most competitive country in the world (out of 144), and our economic outlook is a lot more favourable.

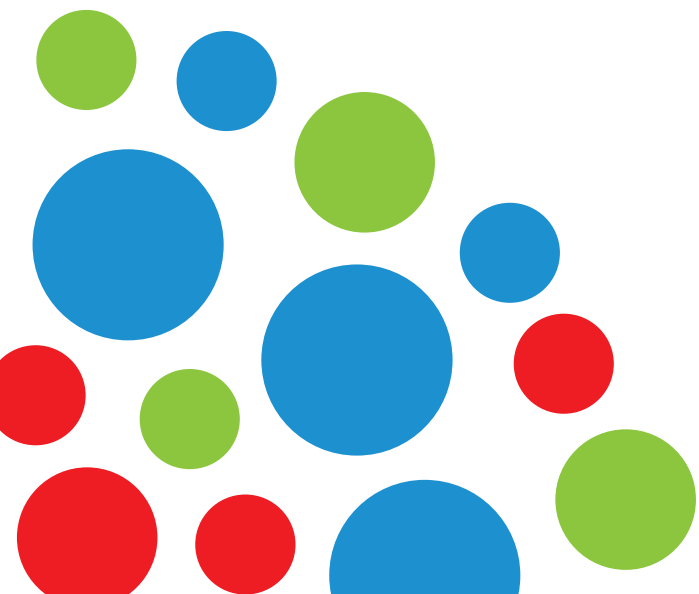
Our offer is very attractive: competitive talent availability, customer service mind-set, strategic location, high quality ICT infra-structure, competitive grants and incentives (reinforced with the new Portugal 2020) and other intangible aspects such as hospitality, easy integration of foreigners and the image of being a pleasant and safe country to live

in. These are some of our competitive and distinctive attractiveness factors.

Portugal is on track to create one of the world's most competitive and business friendly environments.

We invite all companies wishing to set up operations abroad, to do it here, in Portugal. Portugal is the right choice at the right time to invest.

AICEP, the Portuguese Trade and Investment Agency, is a one stop investment shop. A true facilitator. Approach us. We will do everything that can be done in order to help you in all phases of your investment process.





INVESTINPORTUGAL

Portugal is an attractive destination for investment,
offering unique competitive advantages.

CORRECTION
OF STRUCTURAL
IMBALANCES AND
IMPLEMENTATION
OF STRUCTURAL
REFORMS

6–14

IMPROVED
COMPETITIVENESS,
BUSINESS
ENVIRONMENT
AND ECONOMIC
OUTLOOK

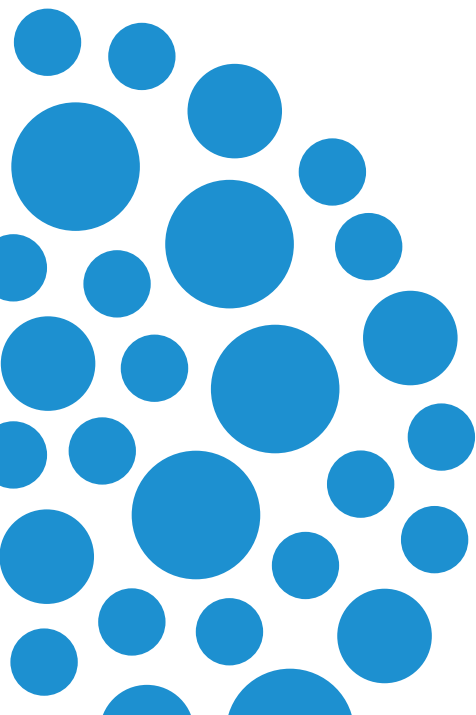
15–19

BETTER
COMPETITIVE
ADVANTAGES

20–28

BETTER SUPPORT

29–39



CORRECTION OF STRUCTURAL IMBALANCES AND STRUCTURAL REFORMS

EXTERNAL AND FISCAL BALANCES

Portugal already records an external balance surplus and has been reducing the fiscal deficit.

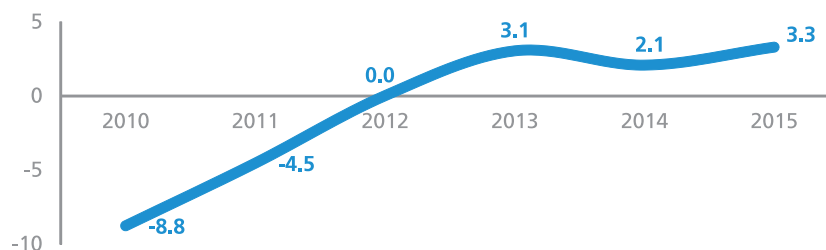


Improving from an external deficit (current and capital account) of 10.9% in 2008 to a positive balance of more than 2% of GDP.

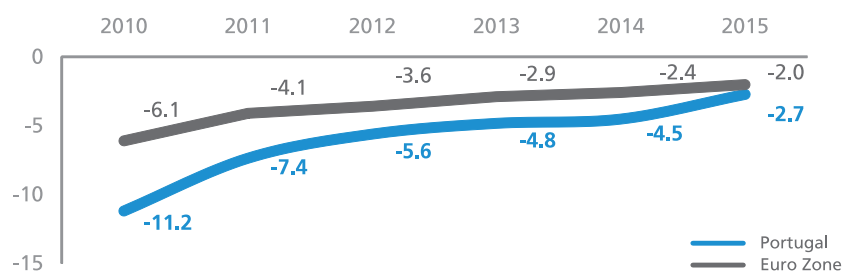


The budget deficit is expected to be under 3% of GDP in 2015.

External balance, Portugal, 2010-2015^E (Percentage of GDP)



Fiscal balance, Portugal, Euro Zone, 2010-2015^E (Percentage of GDP)



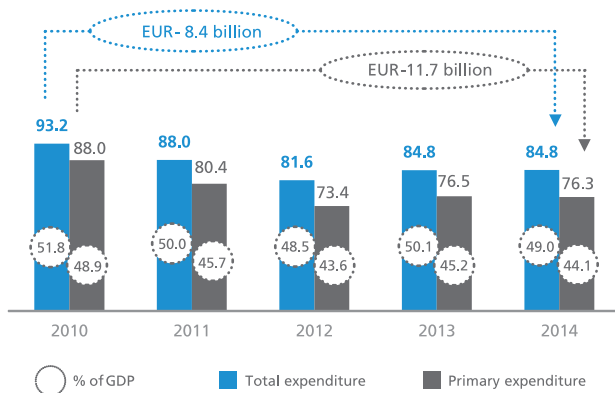
^EEstimate.

Sources: Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.

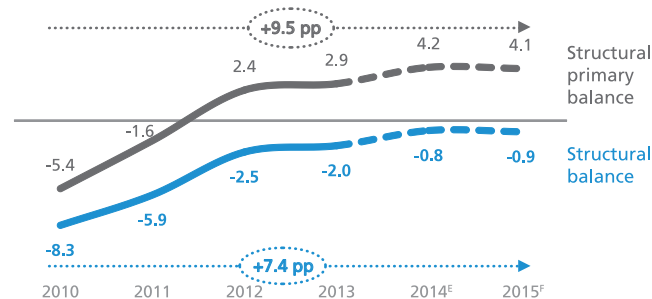
FISCAL CONSOLIDATION

Public expenditure has been declining
and the structural fiscal balance¹ improving.

Public expenditure, 2010-2014
(EUR billion, Percentage of GDP)



Structural fiscal balance, 2010-2015^f (Percentage of GDP)



^eEstimate. ^fForecast.

1. Fiscal balance adjusted for cyclical and other short-term effects, a key concept of the European Fiscal Treaty, in force since the beginning of 2014.

Sources: Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.

TO IMPROVE COMPETITIVENESS



Around 500 measures
implemented since 2011.

Fiscal structure and Public Administration	Regulation and supervision of the financial sector
Health	Education
Labour Market	Goods and services market
Rental Market	Tax Policy
Justice	Competition
...	...

LABOUR MARKET



Portugal converged to the OECD average, regarding flexibility of the labour market.

STRONG MEASURES TO ENHANCE LABOUR FLEXIBILITY

- More working days.
- “Hours bank” system during production peaks can be negotiated directly with the workers.
- Compensation for dismissal has decreased.
- Reduction of overtime work costs.



LEICA

“(...) With their outstanding expertise in precision engineering, our Portuguese colleagues have made a considerable contribution to Leica Camera’s success story.”

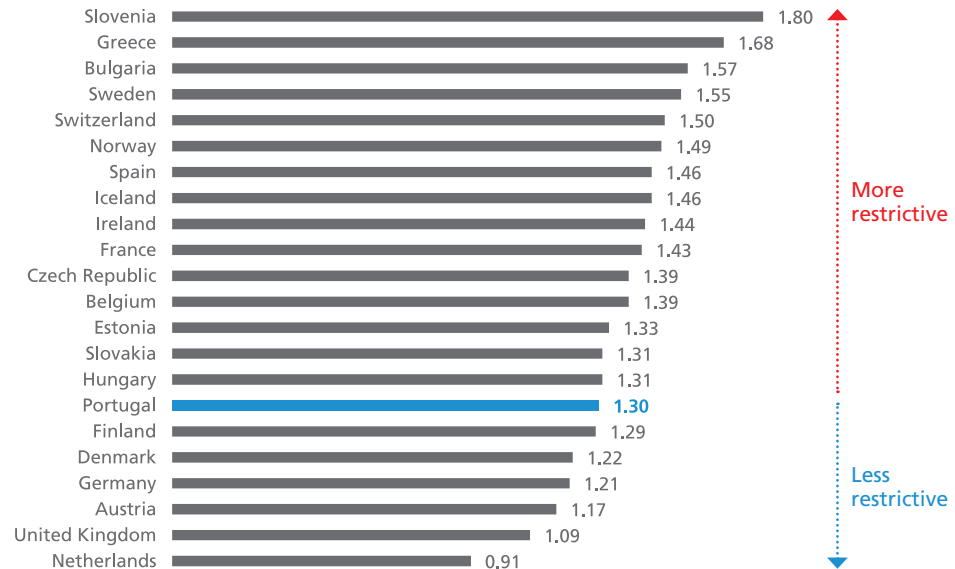
Andreas Kaufmann, Chairman of the Supervisory Board, Leica AG.

REGULATION



Portugal has been improving the OECD overall Product Market Regulation (PMR) score, and currently is the 7th least restrictive country in the EU-28.

Product Market Regulation, 2013



CORPORATE INCOME TAX REFORM

Portugal ahead of EU average.

PARTICIPATION EXEMPTION REGIME

Dividends paid by Portuguese subsidiaries to non-resident parent companies located worldwide (tax havens excluded), as well as capital gains obtained from the disposal of their shares are fully tax exempt, provided a 5% shareholding is held for 24 months.

TAX LOSSES

Carry forward period extended from 5 to 12 years.

PATENT BOX

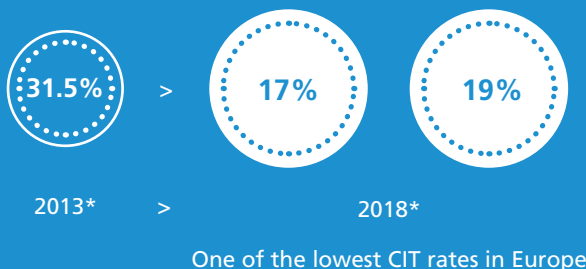
50% taxation of income from patents, licenses and similar rights.

CIT FOR SMEs

Reduced CIT rate (17%) to the first €15.000 threshold of taxable income;
Simplified tax system.

CORPORATE INCOME TAX RATE

Reduction of the Corporate Income Tax rate.



*Top adjusted CIT rate (i.e. 25% CIT rate in 2013, 23% in 2014, 21% in 2015 and 17%-19% in 2016, plus other municipal and statutory charges, which are expected to be eliminated until 2018).

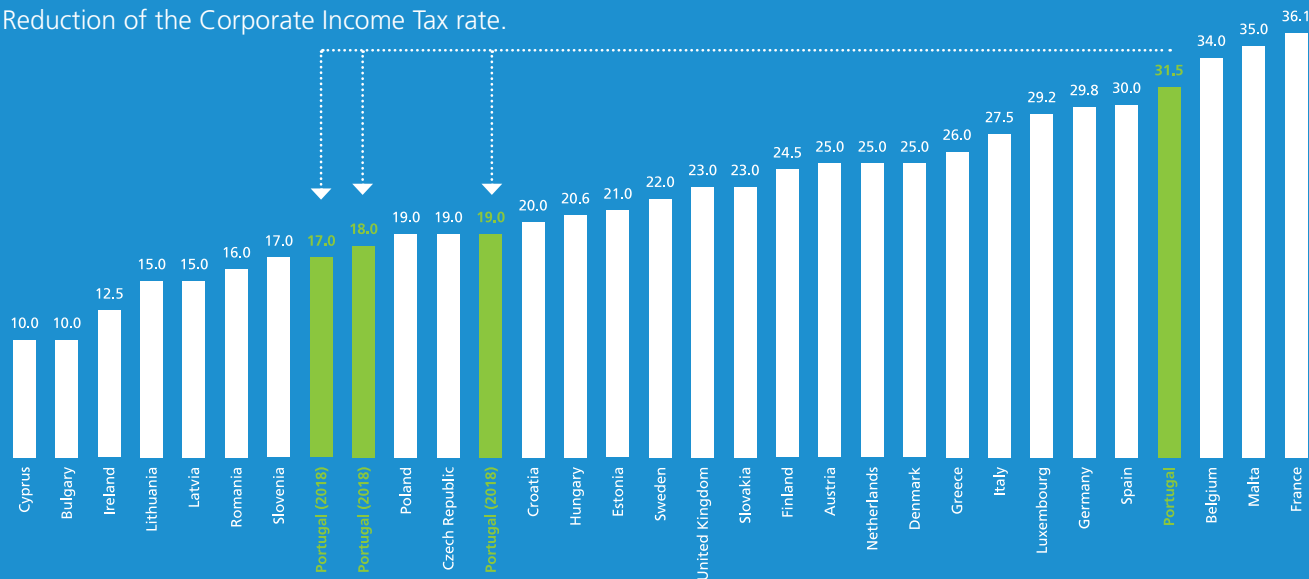
Sources: Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.

CORPORATE INCOME TAX REFORM

Portugal ahead of EU average¹.

CORPORATE INCOME TAX RATE, 2013²

Reduction of the Corporate Income Tax rate.
















1. In 2013 EU-28 = 22.9%. Euro Zone = 25.1%

2. Top adjusted CIT rate (i.e., 25% CIT rate in 2013, 23% in 2014, 21% in 2015 and 17%-19% in 2016, plus other municipal and statutory charges, which are expected to be eliminated by 2018).

Sources: Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.

PRIVATIZATIONS

The programme has been successfully implemented (revenues of around EUR 8.8 billion, above initial expectations of EUR 5 billion).

PRIVATIZED COMPANIES	MAIN INVESTORS	STAKE SOLD	AMOUNT IN EUROS
		21.35%, at a premium of 53.6% per share	EUR 2 693 million
		40%, at a premium of 33.6% per share 11%, at a discount of 6.3% per share	EUR 593 million EUR 157 million
		100%	EUR 1 127 million for the shares + EUR 1 200 million for the concession fee + EUR 753 million of pre-existing debt
		100%	EUR 910 million
		80% of Fidelidade, Caixa Poupança, Multicare and Cares	EUR 1 000 million
		1% for GALP	EUR 101 million
		HPP (CGD Health)	EUR 85.6 million
		100%	EUR 149.9 million

COMPANIES
TO BE PRIVATIZED
IN 2015

AIR TRANSPORT



RAILWAY LOGISTICS

CPCARGA S.A.

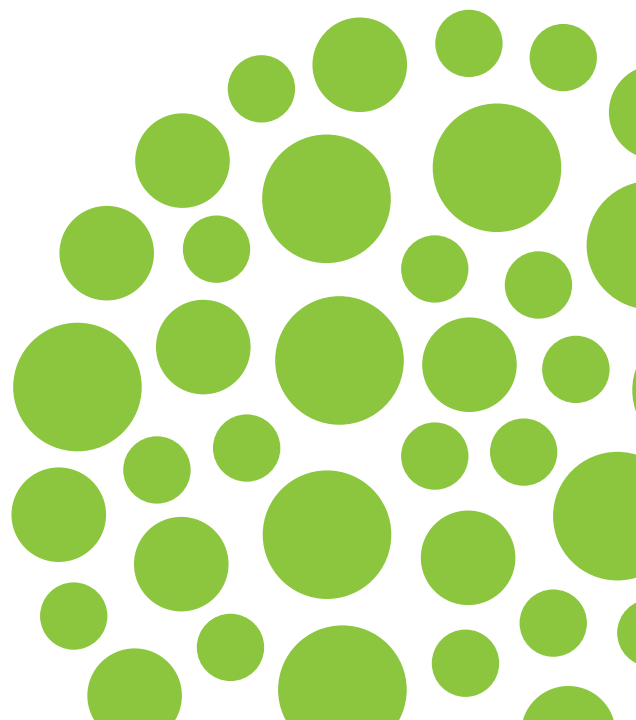
CONCESSIONS

Urban transportation

(Lisboa, Porto)

Maritime Ports

IMPROVED
COMPETITIVENESS,
BUSINESS
ENVIRONMENT
AND ECONOMIC
OUTLOOK

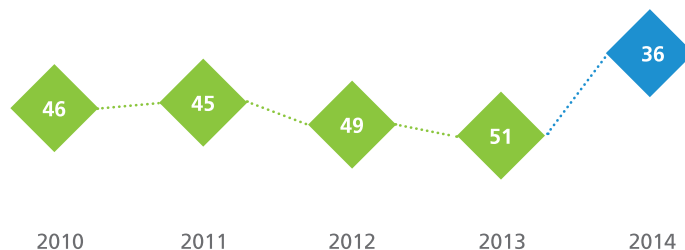


PORTUGAL HAS BEEN IMPROVING ITS COMPETITIVENESS



Portugal rose 15 places, becoming the 36th most competitive country worldwide¹, according to the World Economic Forum's competitiveness ranking².

Evolution of Portugal's position in the competitive ranking of the World Economic Forum (WEF), 2010-2014²



1. Portugal is the 14th most competitive country within the EU-28, ahead of countries such as Italy, Czech Republic and Poland.

2. In 2014, out of 144 countries.

Source: World Economic Forum.

BETTER BUSINESS ENVIRONMENT

Easy to do business in Portugal.



According to *Doing Business 2015* published by The World Bank, Portugal is the 25th easiest country in the world¹ when it comes to doing business.



Our country ranks highly in some indicators: Portugal is, for example, the 1st country within the EU-28 (10th among 189 countries analyzed) where it is simpler to create a new company.

In Portugal, starting a new business takes 2.5 days and 3 procedures. To register a property takes just 1 day and 1 process.

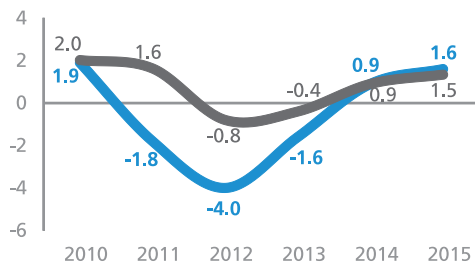
1. Portugal, the 11th most competitive country within the EU-28, has a better classification than the Netherlands, France, Spain, Italy and Poland.

Source: World Bank.

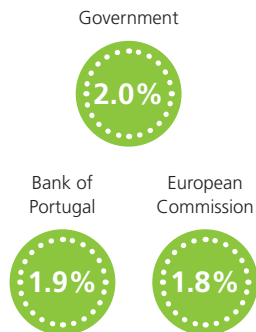
ECONOMIC RECOVERY

Portugal returned to economic growth and unemployment has been decreasing.

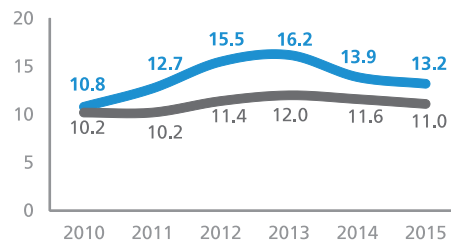
GDP, Portugal, Euro Zone, 2010-2015^E
(Percentage)



GDP Forecasts, 2016 (Percentage)



Unemployment, Portugal, Euro Zone, 2010-2015^E (Percentage)



— Portugal
— Euro Zone

^EEstimate.

Sources: Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.

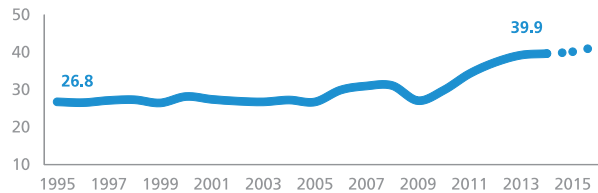
GROWTH DRIVERS

Exports have been increasing at a sustainable rate
and Investment has been recovering.

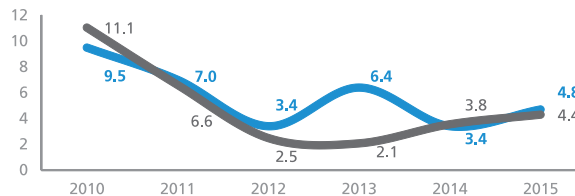
ENCOURAGING SIGNS SUSTAIN THIS EXPORTS TREND

1. An increasing number of exporting companies;
2. Increasing diversification (more exports to extra-EU countries);
3. Improvement in the country's technological profile;
4. World market share gains.

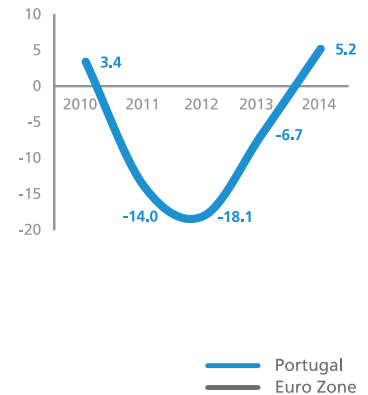
Evolution of Portuguese exports (services and goods), 1995-2015^E (Percentage of GDP)



Exports, Portugal, Euro Zone, 2010-2015^E (Percentage)

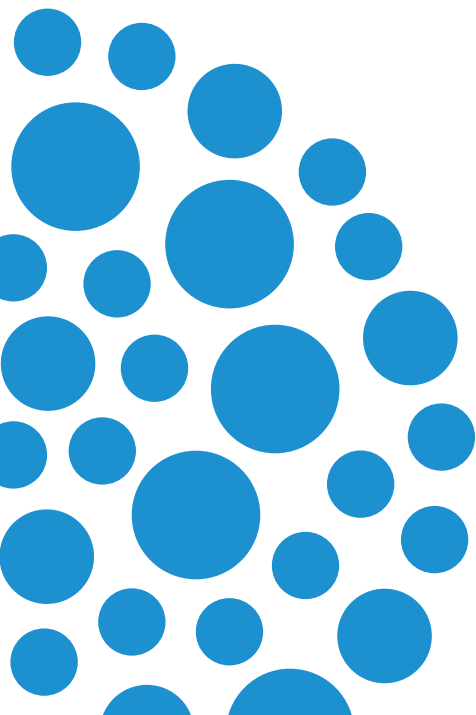


Investment, Portugal 2010-2014 (Percentage)



^EEstimate.

Sources: Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.



BETTER COMPETITIVE ADVANTAGES

BETTER LOCATION

Note: In reference to UTC hours.

Same time zone
as UK and Ireland



1 hour difference
from Central
European Time



3 hours difference
from Moscow

Nearest European
country to the US
and Canada



3 hours difference
from São Paulo

Portugal has a strategic
position to access key
worldwide markets.

BETTER TECHNOLOGY

Portugal is a Top Country in providing technological services.



TELECOM

Percentage of fiber connections in total broadband:
18.1% in Dec 2013 (above OECD average 16.7%).
Ranks 7th among EU-28 countries.

Portugal ranks #8 among EU-28 countries in number of high-speed fixed-broadband subscriptions per inhabitant.



E-GOVERNMENT

According to United Nations "e-Government survey 2014", Portugal ranks #37 among 193 countries in e-Government Development Index.



ELECTRONIC PAYMENTS

Portugal is a leading country in performing operations through ATM network.



Via Verde, Portuguese Electronic Toll System, is a world pioneer in road toll operations.

BETTER INFRASTRUCTURES

Portugal is the 12th country in the world with better infrastructures¹.



QUALITY OF ROADS
2nd among the best
in the world¹.

Portugal ranks 6th,
in motorway network
density, well above
the OECD average.



**QUALITY OF PORT
INFRASTRUCTURE**
23rd among the best
in the world¹.

Deep-sea port of Sines:
Post-Panamax Vessels;
The port of Sines was
the world's fastest
growing container port
in 2013 (+68%).



**QUALITY OF AIR
TRANSPORT**
20th among the best
in the world¹.

The Porto Airport was
distinguished as the 3rd
Best European Airport
in 2013.



**QUALITY OF RAILROAD
INFRASTRUCTURE**
23rd among the best
in the world¹.

Recently launched,
the Atlantic Corridor is
a rail freight line between
Portugal–Spain–France.
Extension to Germany
is expected to be
operational by
November 2016.

1. World Economic Forum's competitiveness ranking (144 countries).

Sources: OECD, Container Management, World Economic Forum, Airports Council International, Corridor 4.

BETTER MARKET

Portugal is an open door to a market of 500 million people in Europe and more than 250 million Portuguese speaking consumers.



Portugal is a member country of the EU sharing the common currency. Free trade, non-tariff barriers, free movements of labour and capital are among the main benefits.



Portugal is ranked 27th in the Enforcing Contracts Rank 2015.



Portugal is ranked 29th in the Trading Across Borders Rank 2015.

Community of Portuguese Language Speaking Countries

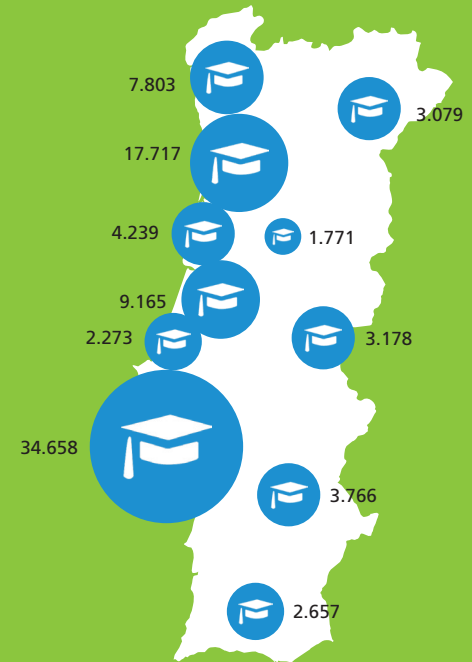
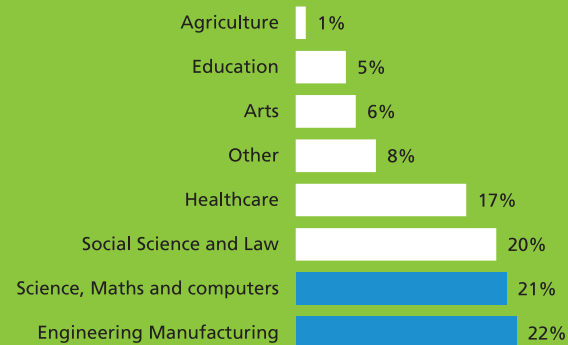


BETTER TALENT

Portugal has a strong, flexible, committed and productive workforce with a high level of education in business-oriented areas.

STUDENTS ENROLLED
IN HIGHER EDUCATION
INSTITUTIONS BY FIELD
OF STUDY, 2012/2013.

Maths, Science
and Tech areas
represent almost 43%



TOTAL NUMBER
OF GRADUATES BY
REGIONS IN PORTUGAL,
2011/2012.

BETTER SKILLS

61% of Portuguese people speak at least 1 foreign language.



FOREIGN LANGUAGES

English learning is mandatory from elementary school.

78% of the students learn 2 or more foreign languages (65% in EU-28, 53% in France or 42% in Spain).

Mathematics Performance above OECD: 19.6%, PISA 2012 (OECD average of 14.8%).



Quality of Management Schools: Portugal ranks #4.



Availability of scientists and engineers: Portugal ranks #8.



Quality of Scientific Research Institutions: Portugal ranks #18.

BETTER FDI TRACK RECORD

Satisfied customers.



BOSCH

"Bosch has invested in the development and production of innovative solutions and technologies in Portugal for the global market of Car Multimedia products because it believes in the potential of the country. The Bosch facilities in Braga are highly competitive in terms of quality and productivity in Europe."

Dr.-Ing. Sven Ost, Technical Plant Manager
of Bosch in Braga



H. B. FULLER

"At HB Fuller, our expanding Portuguese team has quickly gained a reputation for professional expertise, high energy, quick learning and cross-functional teamwork. I am delighted by the quality of the people we can attract and how fast they have developed."

Malcolm Grey, Finance Director EIMEA,
H.B. Fuller Europe.



BETTER QUALITY OF LIFE

Portugal is not only a good country to invest in but also a great place to live and enjoy. Safe, sunny, with unique nature, rich leisure and cultural amenities, and with high quality healthcare facilities.



Portugal is 20th
(out of 140) in Travel
& Tourism
Competitiveness
Report 2013.

16 Million Tourists
in 2014.

Source: INE.



Best European Country
to visit.

Source: USA Today 2014.

Lisboa is the 2nd Best City
to Invest.

Source: Financial Times, 2014.

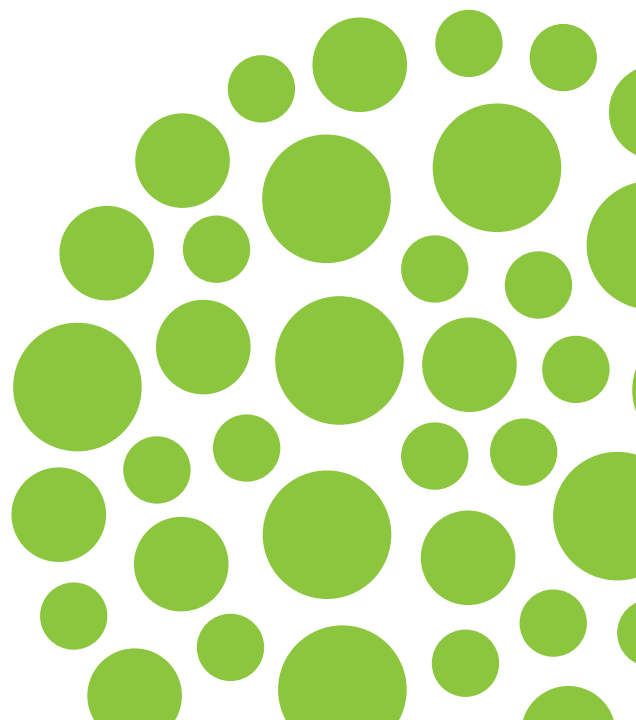


Average Temperature
at 12:00 am:
25°C (summer) and
16°C (winter).

Algarve is the Best Place
in the World to Retire.

Source: FORBES
"2014 Retire Overseas Index".

BETTER SUPPORT INCENTIVES & GRANTS



INCENTIVES & GRANTS

Incentive instruments were revised, simplified and reinforced.

NEW ADDED VALUE PROPOSAL

PRODUCTIVE INVESTMENT

Financial incentives (Portugal 2020)
Tax incentives (Investment Tax Code)

R&D INVESTMENT

Financial incentives (Portugal 2020)
Tax incentives (SIFIDE II)

OTHER INCENTIVES

INTERNSHIPS



JOB CREATION INCENTIVES

NON-HABITUAL RESIDENTS

Flat rate for qualified expatriates

INCENTIVES & GRANTS

+ Productive Investment.

	FINANCIAL INCENTIVES	TAX INCENTIVES
SCOPE	New products or services; New production methods or processes; Innovation must be at least nationwide (non SME).	Investment projects with positive impact on innovation and jobs creation.
ELIGIBLE EXPENSES	Tangible Fixed Assets: machine, equipment and buildings; Intangible Fixed Assets: software, technology transfer; Training expenses.	Tangible Fixed Assets: machine, equipment and buildings; Intangible Fixed Assets: software, technology transfer.
NATURE OF SUPPORT	<p>Loan: 35% of eligible expenses as an interest-free loan; 8-years repayment period; Cash Grant: Loan conversion of up to 50% of the incentive depending on the performance of the project.</p>  <p>Base rate</p>	<p>Corporate Income Tax Credit from 10% up to 25% of eligible investment; Tax benefits up to a 10-year period after the conclusion of the investment. Exemption from Municipal Property Tax, Municipal Tax on Transactions and Stamp Duty.</p> 
MAXIMUM SUPPORT	Financial grants combined with tax incentives, applied to the same expenses may not exceed 25% of the eligible investment (tax credit + cash grant + loan interest saving).	

Source: Portuguese Government.

INCENTIVES & GRANTS

+ R&D investment.

	FINANCIAL INCENTIVES	TAX INCENTIVES
SCOPE	Investment in R&D activities to develop new products/services or new production methods or processes.	
ELIGIBLE EXPENSES	Costs with technical staff dedicated to R&D activities; Acquisition of services from third parties, including technical and scientific assistance and consulting; Purchase of scientific and technical instruments and equipment; Costs associated with patents registration and acquisition.	
NATURE OF SUPPORT	Base Rate: 25% of eligible expenses; Bonuses: up to +60 pp according to project scope and company size; Cash Grant: up to €1,000,000 of incentive; For incentive amount that exceeds €1,000,000, 25% as an interest-free loan and 75% as cash grant.	Corporate Income Tax Credit: Base rate: 32.5%; Incremental rate: 50% of the increase in expenses incurred during that period compared to the average from the previous two fiscal years, up to €1,500,000.
MAXIMUM SUPPORT	Financial grants combined with tax incentives, applied to the same expenses may not exceed: 80% of Gross Grant Equivalent for Industrial Research Projects; 60% of Gross Grant Equivalent for Experimental Projects.	

INCENTIVES & GRANTS

Internships (up to 9 months*).

TARGET

Unemployed aged between 18 and 30 (inclusive)*, with a qualification level >1.

GRANT TO EMPLOYERS

Monthly support*:

Primary education (Level 2)	438,16
Secondary education (Level 3)	505,23
Secondary vocational educational (Level 4)	538,77
Post-secondary non-tertiary (Level 5)	572,31
Tertiary education (Levels 6, 7 and 8)	656,15



EMPLOYERS COST



Monthly
Salary



Social Security
Contributions

ENTITY IN CHARGE

Public Employment Service (IEFP).

*General rule.

Source: Portuguese Government.

INCENTIVES & GRANTS

Exemption of social contributions.

TARGET

Young people looking for first job, aged under 30 years;
Long-term unemployed (registered at the employment centre for more than 12 months).

GRANT TO EMPLOYERS

Exemption from payment of Social Security Contributions (23.75%) for a maximum period of 36 months (only applies to permanent contracts).



ENTITY IN CHARGE

Social Security.

INCENTIVES & GRANTS

“Estímulo Emprego” Programme.

TARGET

Unemployed people (registered at the employment center).

GRANT TO EMPLOYERS

Annual support up to:

Permanent contract 5.533,68

Fixed-term contract (general rule) 2.012,26

Fixed-term contract (exceptional circumstances) 2.515,32



ENTITY IN CHARGE

Public Employment Service (IEFP).

INCENTIVES & GRANTS

+ World Class Talent in Portugal (Tax incentives to expats).

TARGET

Qualified Expatriates in (i) high added-value activities, (ii) scientific, artistic or technical activities, and (iii) upper management positions.

INCENTIVES FOR EMPLOYEES

Flat rate for Income tax of 20%
(plus 3.5%) for 10 years.



ENTITY IN CHARGE

Tax Authority.

BETTER SUPPORT

aicep Portugal Global is your one-stop-shop.
Close to you, to take you further.



AICEP is one of the Top 10 Investment Promotion Agencies that best responds to requests from investors.

Source: World Bank.

1

PRE-INVESTMENT

Promoting a direct negotiation with companies, through which a tailored approach to incentives may be applied in order to define a global package that fully satisfies the investor's needs.

2

INCENTIVES NEGOTIATION

Single point of contact in all phases: pre-investment, incentives negotiation, settling in and after care.

3

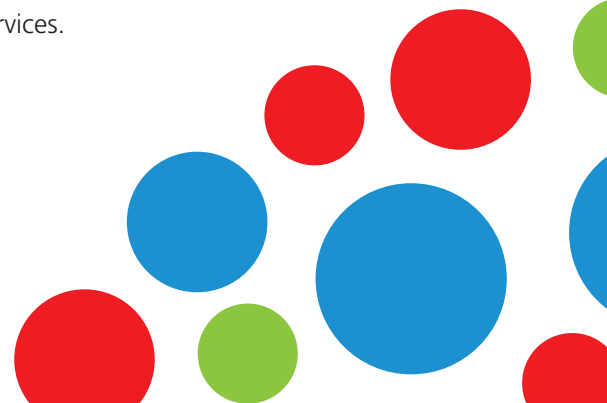
SETTLING IN

Government business entity, flexible, free of charges and streamlined services.

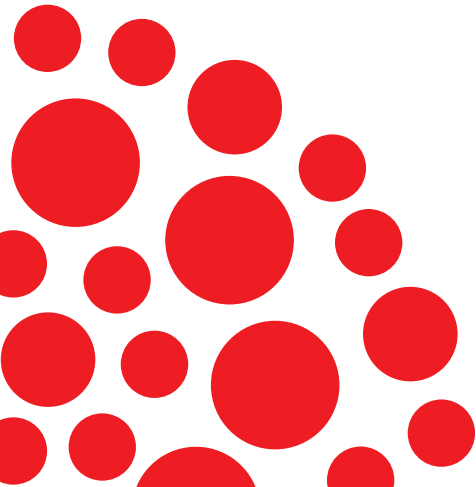
4

AFTER CARE

Dynamic approach focused on the client or investor.



OVERSEAS NETWORK & FDI SCOUTS





MAY 2015

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