



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
Invest in Denmark

WHY INVEST IN DENMARK?

January 2020

7 REASONS TO INVEST IN DENMARK

1. A strong cost-quality benchmark
 - Denmark vs. Nordic Countries
2. Many foreign companies select Denmark
3. A strong and stable investment climate
4. The world's most flexible labour market
5. A competitive cost environment
6. Simple tax structure
7. High liveability





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REASON #1

A strong cost-quality benchmark

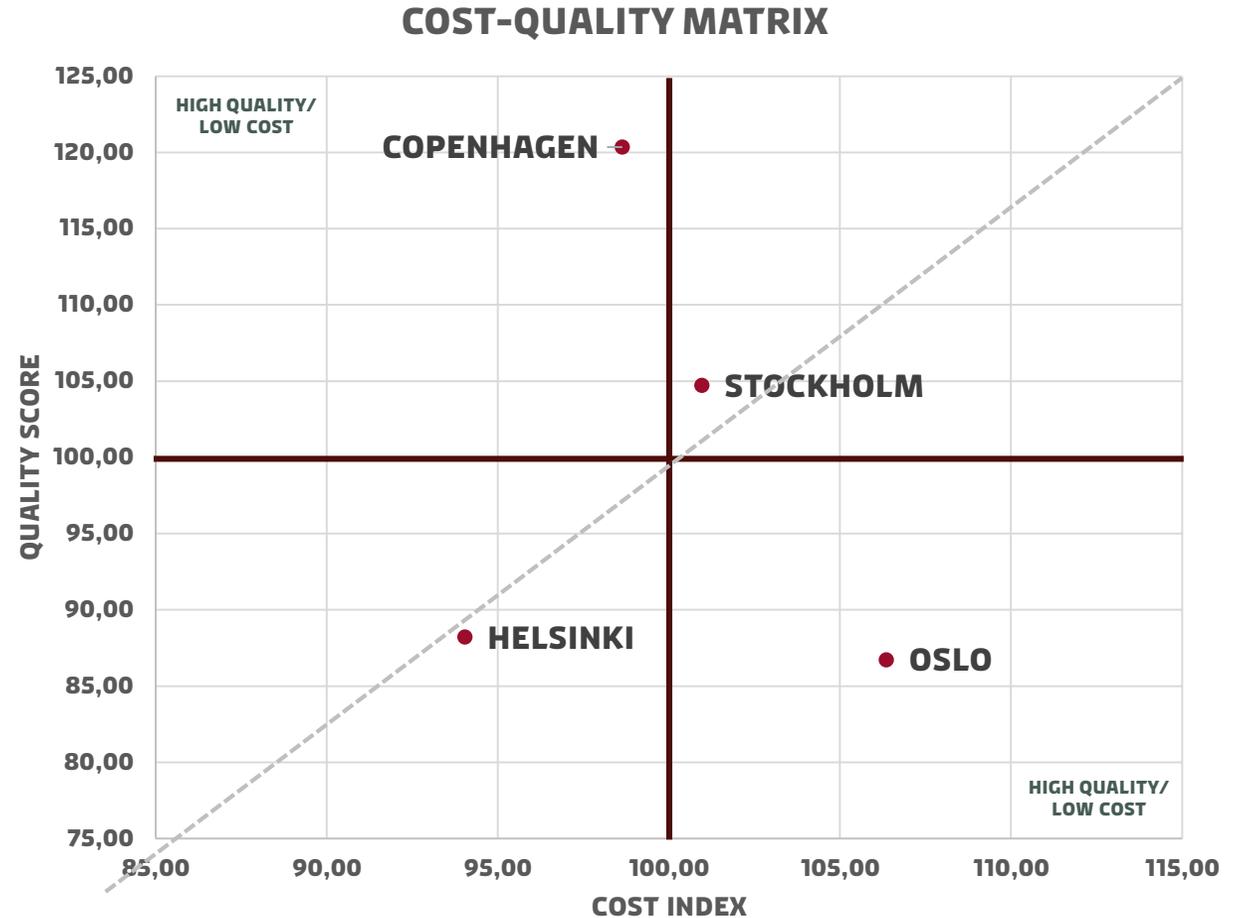


EXAMPLE ON 50 FTE HQ

FINANCIAL TIMES COST-QUALITY BENCHMARK

COPENHAGEN SCORES HIGH

- #1 on Quality
- #2 on Cost



COPENHAGEN HAS ADVANTAGE OVER OTHER NORDICS

EXAMPLE

LOCATION	RANK	RATING	QUALITY RANK	QUALITY SCORE	COST RANK	COST INDEX	TOTAL COST (EUR)
Copenhagen	1st	100.00	1st	118.87	2nd	97.48	4,273,996
Stockholm	2nd	96.13	2nd	116.93	3rd	104.23	4,569,897
Helsinki	3rd	85.32	3rd	82.11	1st	93.56	4,102,280
Oslo	4th	80.17	4th	82.09	4th	104.73	4,591,897

- ✓ **50 FTE headquarter operations**
- ✓ **7% higher annual operating cost in Stockholm**



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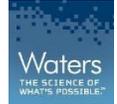
REASON #2

**Many foreign
companies select
Denmark**



GLOBAL PLAYERS

FORBES 2000 COMPANIES - WITH REGIONAL HQ'S IN DENMARK



Beiersdorf



LOCAL GLOBAL PLAYERS

"BORN" IN DENMARK



Vestas

FLSMIDTH

BESTSELLER

Novozymes
Rethink Tomorrow

Coloplast

DSV



ISS

PANDORA

Genmab

ROCKWOOL

Carlsberg

GRUNDFOS

Ørsted

Danfoss

Lundbeck

MAERSK



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REASON #3

**A strong and stable
investment climate**



STRONG AND STABLE ECONOMIC PERFORMANCE

A BALANCED ECONOMY

- Stable political and economic climate
- Danish currency (DKK) Pegged to Euro
- Conversion rate 1 EUR = 7.45 DKK
- AAA rating by Fitch, Moody's, S&P

AAA

DENMARK PUNCHES ABOVE ITS WEIGHT

#	Transparency International Corruption Perception Index	World Bank Ease of Doing Business	Forbes Best Country for Business	GEDI Global Entrepreneurship Index
1	 Denmark (shared 1 st)	New Zealand	United Kingdom	United States
2	New Zealand (shared 1 st)	Singapore	Sweden	Switzerland
3	Finland	Hong Kong, SAR	Hong Kong	Canada
4	Singapore (shared 4 th)	 Denmark	Netherlands	 Denmark
5	Sweden (shared 4 rd)	Korea, Rep.	New Zealand	United Kingdom
6	Switzerland (shared 4 rd)	United States	Canada	Australia
7	Norway	Georgia	 Denmark	Iceland
8	Netherlands	United Kingdom	Singapore	The Netherlands
9	Germany (shared 9 th)	Norway	Australia	Ireland
10	Luxembourg (shared 9 th)	Sweden	Switzerland	Sweden
Source	Transparency International (2019)	World Bank (2020)	Forbes (2019)	GEDI Global Entrepreneurship Index (2019)

IT'S NOT JUST SOMETHING WE SAY

DENMARK RANKS AMONG TOP PERFORMING COUNTRIES

No. 1 in Europe
for ease of doing business
World Bank 2012-2016 & 2018-2020

No. 6 in the world
on Global Entrepreneurship Index
GEDI, 2018

The least corrupt
country in the world
Transparency International, 2019

No. 1 in the world
On labour regulations
IMD, 2019

No. 5 in EU
on Global Competitive Index
World Economic Forum, 2019

No. 2 in EU
on social responsibility of business leaders
IMD, 2019

No. 1 in the world
on Willingness to Delegate Authority
World Economic Forum, 2019

No. 1 in the world
on Labour Market Termination Cost
World Economic Forum, 2018

No. 2 in the world
on corporate values
IMD, 2018

No. 7 in the world
for working women
The Economist, 2018

No. 7 in the world
on credibility of managers
IMD, 2017

No. 2 in the world
on ethical practices implemented in
companies
IMD, 2018

Forbes



GET EASY ACCESS TO 500 MILLION CONSUMERS



GLOBALLY CONNECTED COPENHAGEN AIRPORT IS THE LARGEST HUB IN THE NORDICS



DIRECT ROUTES TO

186

DESTINATIONS

Copenhagen Airports **CPH**

Source: flightsfrom.com



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REASON #4

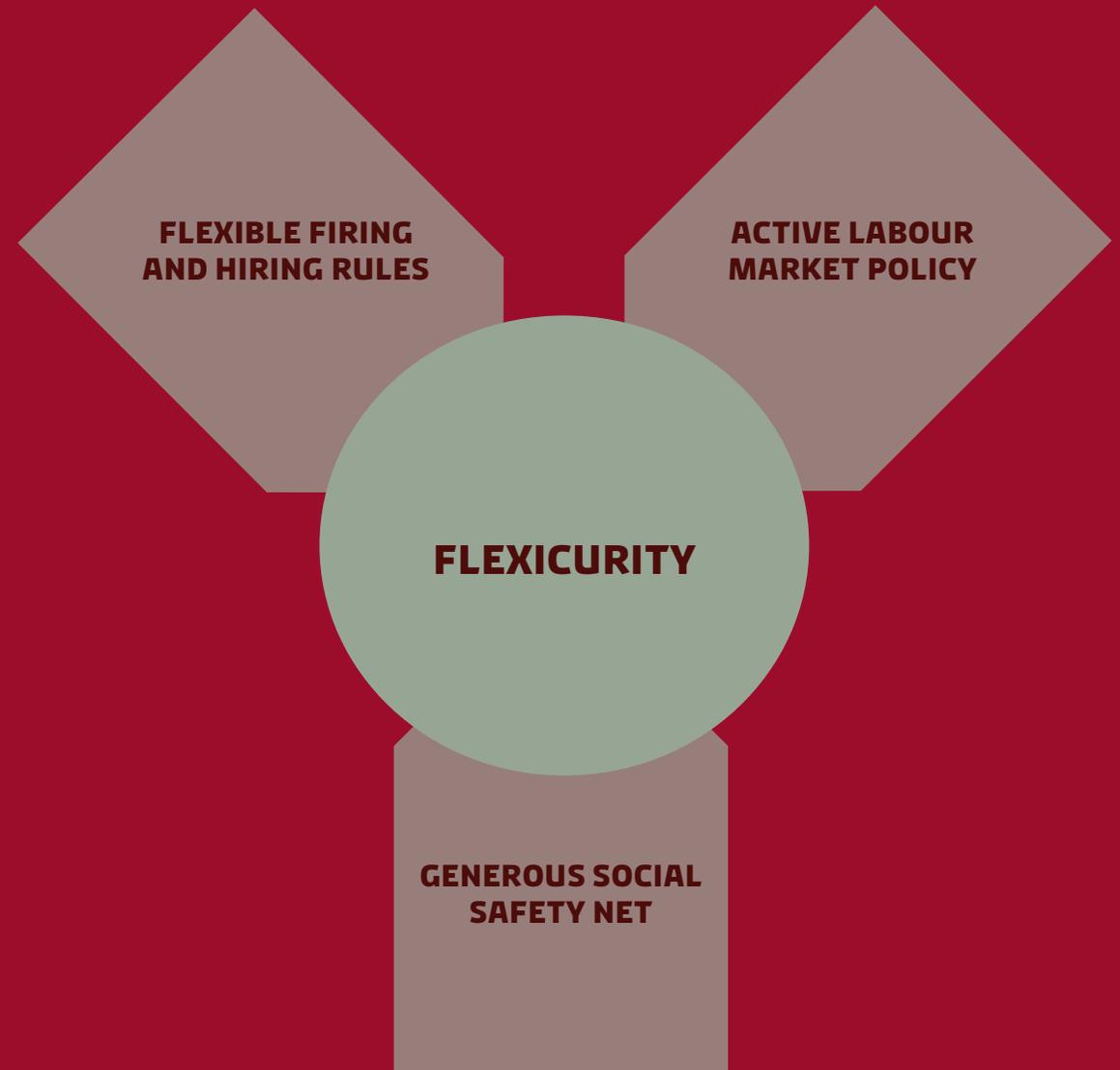
**The world's
most flexible
labour market**



LABOUR MARKET FLEXICURITY

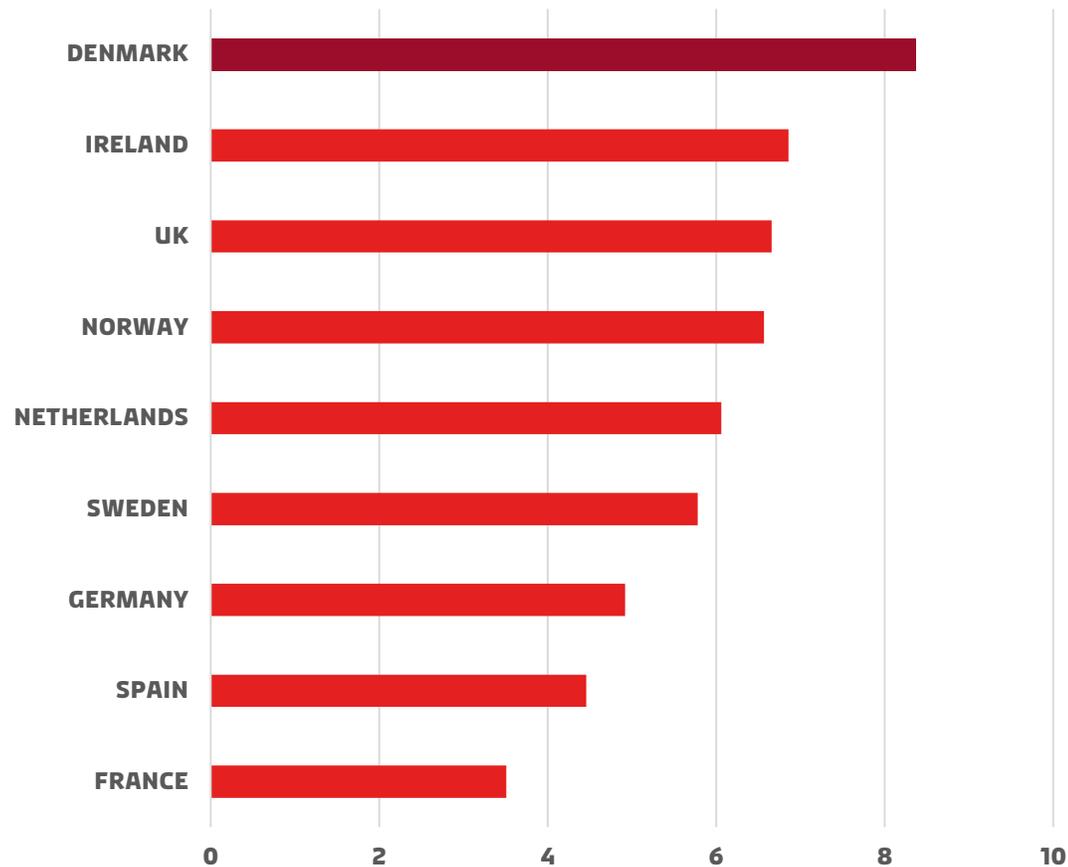
- Dynamic labour market
- High degree of mobility and openness
- Employees and employers agree on the terms and conditions
- The Danish state spans a safety net

#1 IN THE WORLD on low redundancy costs World Economic Forum, 2019	#7 IN EU on hiring and firing practices World Economic Forum, 2019
#1 IN THE WORLD on labour regulations IMD, 2019	#1 IN THE WORLD on worker motivation IMD, 2019



LABOUR REGULATION IN DENMARK

THE HIGHER SCORE THE BETTER



- Flexibility of labour regulations; hiring and firing practices, minimum wages, etc.
- Termination cost = 0
- Scaling down is a justified reason to fire employees
- Termination period from 1-6 months
- Employees must work during termination period at no additional cost
- No approval from labour unions as in other countries

Source: Selected countries from IMD World Competitiveness Yearbook 2019

THE MOST FLEXIBLE LABOUR MARKET IN THE NORDICS

	DENMARK	SWEDEN	NORWAY	FINLAND
FIRING PROCESS	A short process	A long process where the employee have the right to stay in job while a trial is running	A long process where the employee have the right to stay in job while a trial is running	A long process where the employee have the right to stay in job while a trial is running
UNFAIR DISMISSAL COSTS (SEE ALSO NEXT SLIDE)	A limited compensation of maximum 6 months pay	A high compensation of up to 32 months pay	A high compensation of up to 24 months pay	A potentially high compensation with frame from 3-24 months pay
LAST IN, FIRST OUT PRINCIPLE	The principle does not apply to Danish law	You always have to fire the people who came in last, first	The principle does not apply to Norwegian law	The principle does not apply to Finish law
FIRING PROCESS	A short process	A long process where the employee have the right to stay in job while a trial is running	A long process where the employee have the right to stay in job while a trial is running	A long process where the employee have the right to stay in job while a trial is running

DANISH EMPLOYEES ARE RESOURCEFUL AND DYNAMIC

HIGHLY EDUCATED WORKFORCE

- 45% of 25-34 year olds have a tertiary education
- 3rd highest English proficiency in non-English speaking countries
- Strong talent pool of Nordic speaking people in the Copenhagen region

DANISH BUSINESS CULTURE

- Efficient, Proactive and Result-driven
- Self-managing teams, process-oriented, willing to take responsibility
- Flat management structure, teamwork and work-life balance



Source:

IMD - World Competitiveness Yearbook 2019

OECD - Education at a Glance 2019

EF Education First - English Proficiency Index 2018

DENMARK IS ATTRACTIVE TO SKILLED FOREIGN LABOUR

EXPAT TAX SCHEME

- Minimum salary DKK 68,100 (EUR 9,140) per month after social contribution
- Minimum/guaranteed bonus may be included
- Compensated housing & living expenses may be calculated as being part of salary
- Expat tax scheme can be applied up to 7 years

27%



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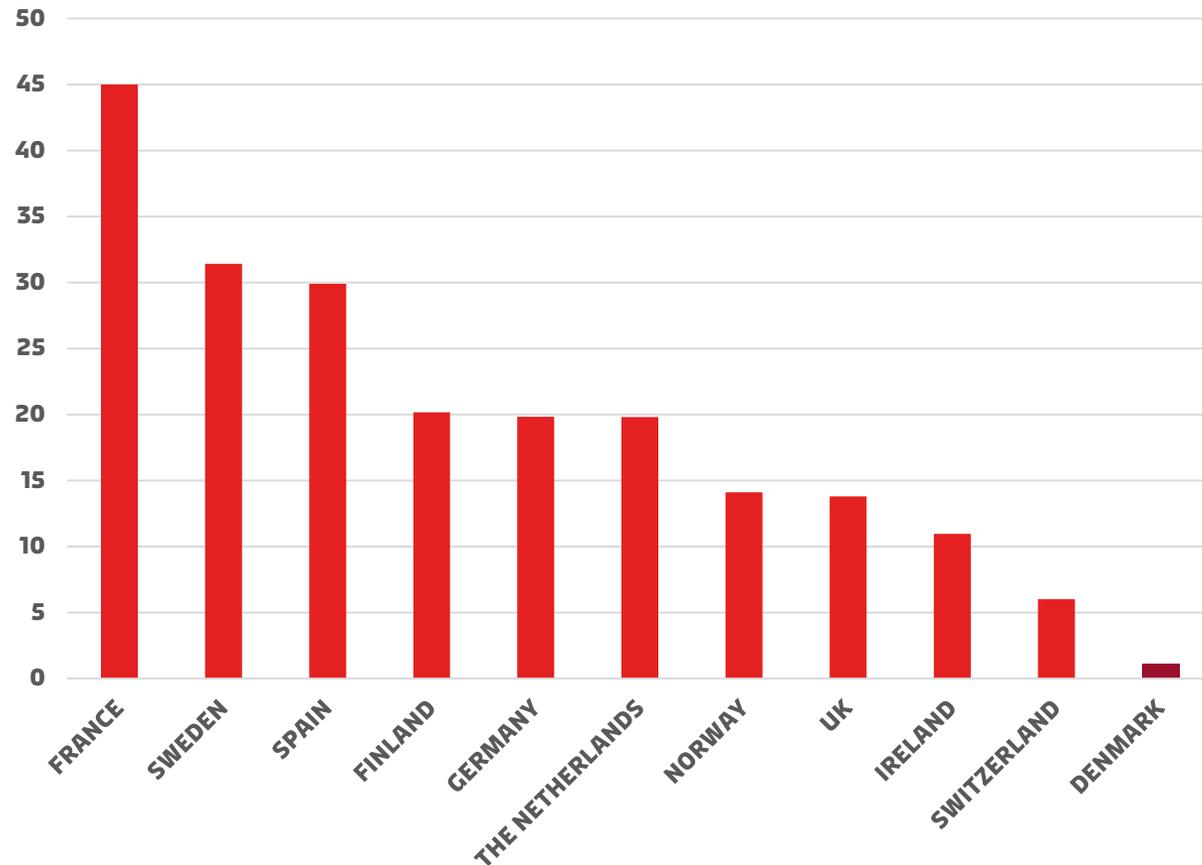
REASON #5

A competitive cost environment



COMPETITIVE LABOUR COSTS

EMPLOYERS SOCIAL CONTRIBUTION RATE



Source: Selected countries from KPMG 2019

Note: Danish employee social security rate is a monthly lump-sum contribution of DKK 94.65 (DKK 1,135.80 pr. year). It is not calculated as a percentage. However an average of ~1% can be used as a rule of thumb.

**SOCIAL
SECURITY
CONTRIBUTIONS**

**LOWEST IN
EUROPE**

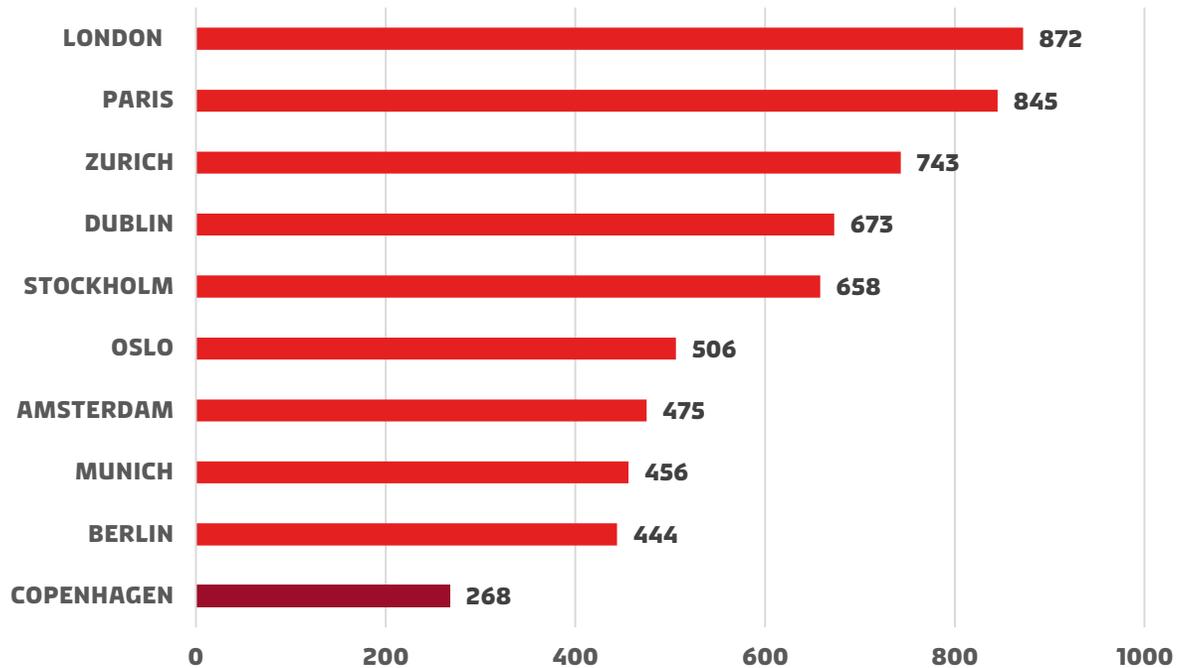
EXAMPLE OF UNLAWFUL TERMINATION IN SCANDINAVIA

DENMARK	SWEDEN	NORWAY	FINLAND
Case: 12 years employment, Salary DKK 30,000 per month	Case: 12 years employment, Salary SEK 30,000 per month	Case: 12 years employment, Salary DKK 30,000 per month	Case: 12 years employment, Salary DKK 30,000 per month (3,300€)
Economic damages: 3 months salary x DKK 30,000= 90,000 +1 month mandatory severance payment = DKK 120,000	Economic damages: 32 months salary x SEK 30,000 x 1,33 =SEK 1,276,800	Economic damages: 24 months salary x NOK 30,000 = NOK 540,000	Economic damages: 6-24 months salary x DKK 30,000 (3,300€) = DKK 180,000 - 720,000 (€19,800-79,200)
Punitive damages: None	Punitive damages: SEK 100,000 x 1,33 = SEK 133,000	Punitive damages: NOK 100,000	Punitive damages: None
Legal costs (2 parties): DKK 30,000-120,000	Legal costs (2 parties): SEK 400,000	Legal costs (2 parties): NOK 400,000	Legal costs (2 parties): DKK 750,000-150,000 (€10,000-20,000)
Not covered by company insurance	Not covered by company insurance		Not covered by company insurance
Employers total cost: DKK 150,000-240,000	Employers total cost: SEK 1,809,800	Employers total cost: NOK 1,040,000	Employers total cost: DKK 255,000-870,000 (€29,800-99,200)

INEXPENSIVE OFFICES

COPENHAGEN BY FAR HAS THE LOWEST OFFICE RENTAL RATES IN THE NORDICS

PRIME OFFICE RENT EUR/SQM. PER ANNUM



Sources: BNP Paribas Real Estate, 2019 and Statista, 2nd half 2019

VERY LOW
PRIME OFFICE
RENT

EUROPE'S LOWEST EMPLOYER SOCIAL SECURITY CONTRIBUTIONS

SIMPLIFIED GROSS TO NET CALCULATION – NORDIC COMPARISON (DKK)

	NORWAY	SWEDEN	DENMARK
Monthly gross salary DKK	60,000	60,000	60,000
Social security - employee	4,920	0	95
Labour market contributions	0	0	4,792
Total personal income tax	15,083	24,000	20,2248
Net in Pocket (Net)	39,997	36,000	34,865
Social security - employer (on top of gross)	8,460 14.1 %	18,852 31.42 %	833 1.39 %
Employer total cost	68,460	78,852	60,833



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REASON #6

Denmark offers a simple tax structure

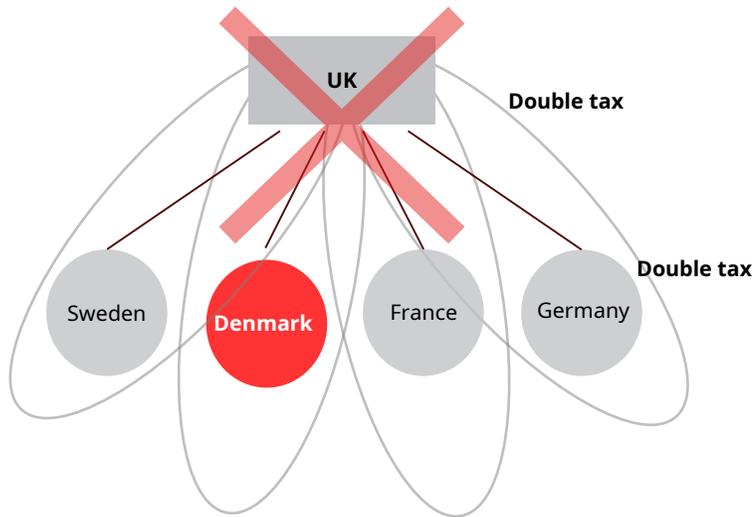


NO DOUBLE TAXATION

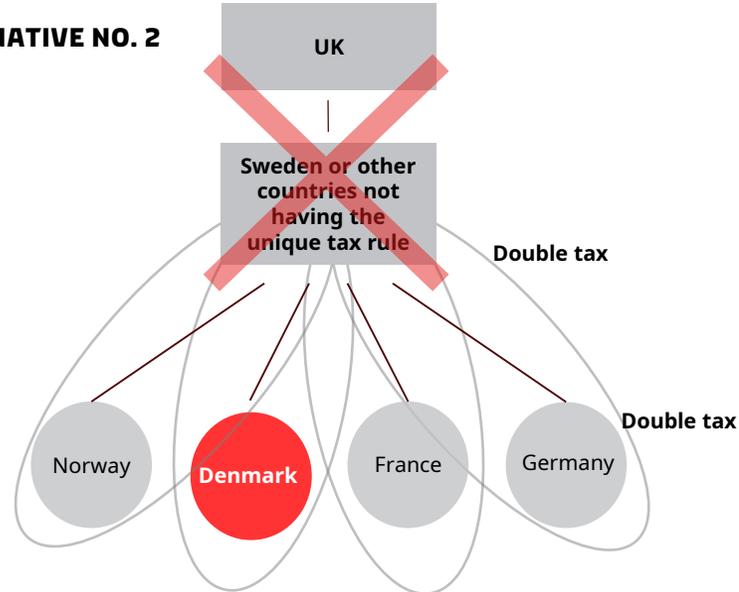
EXEMPT FROM TAX ON INCOME FROM FOREIGN BRANCHES

According to simple tax rule, a DK company is **Not** taxed of income from foreign branches. This makes Denmark ideal for regional headquarters.

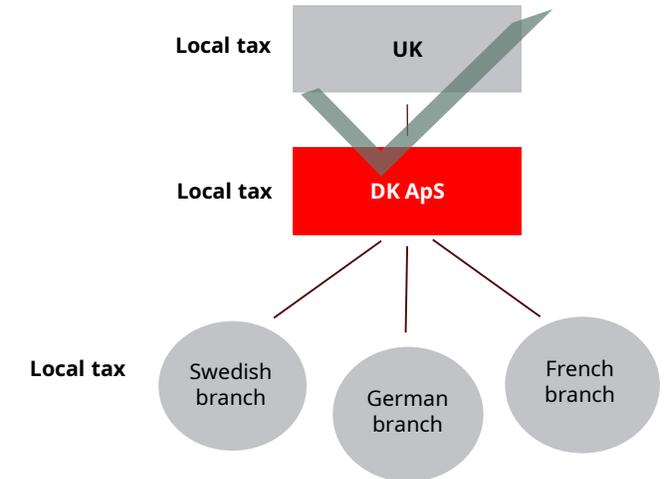
ALTERNATIVE NO. 1



ALTERNATIVE NO. 2



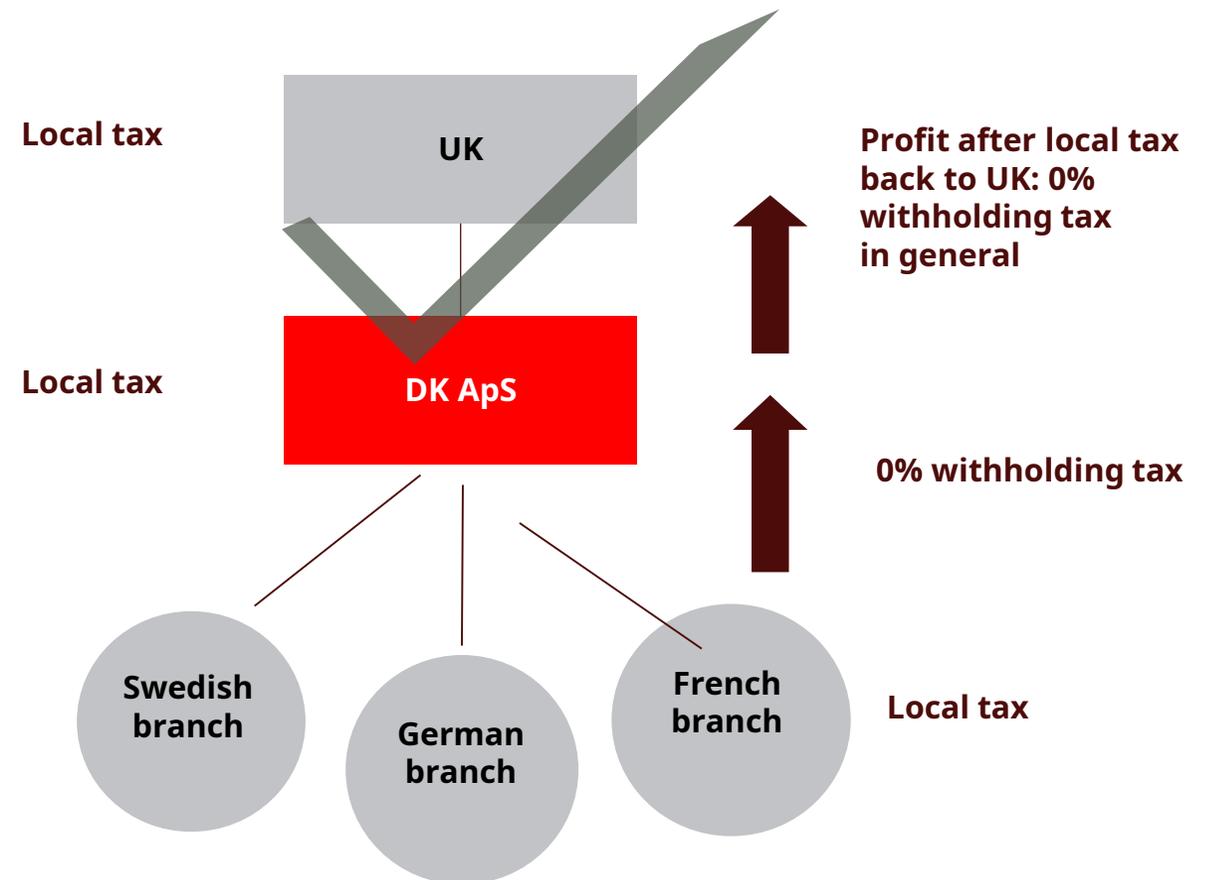
ALTERNATIVE NO. 3



SIMPLE TAX MODEL FOR ESTABLISHING A NORDIC HQ

- Danish companies are generally not subject to tax of income from foreign branches
- Lean branch structure and **NO** double tax
- No additional tax or administration costs to avoid double tax

SIMPLE DANISH TAX RULE





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REASON #7

Most liveable country in the world



MOST LIVEABLE COUNTRY IN THE WORLD

**Denmark named 2nd happiest country out of 156
(UN World Happiness Report 2019)**

**Copenhagen 2nd most liveable city in EU
(Economist Intelligence Unit 2019)**

FORBES Magazine 2017 World Report

#2 best country for raising kids in the world

#3 countries with the best quality of life

#6 most modern countries (citizenship)



The Danish capital... is growing increasingly extrovert and adventurous. Cradling one of Europe's most distinguished design traditions has been a mixed blessing. The influence of the mid-century greats had previously eclipsed contemporary talent. But the latest wave of creatives, architects and chefs has fuelled a renaissance, and New Nordic is the cuisine and design movement of the moment.

Wallpaper* Magazine (2020)

MOST LIVEABLE CAPITAL IN THE NORDICS

MONOCLE
2019 ranking
top 25 most liveable cities.

- #4 Copenhagen (2015 - #1)
- #6 Helsinki
- #12 Stockholm





**MINISTRY OF FOREIGN AFFAIRS
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CASES



CASE: NESTLÉ



ABOUT:

- The global food and beverage giant Nestlé has chosen Copenhagen for its Scandinavian headquarters. The Copenhagen headquarters will streamline Nestlé's Nordic operations by regionalizing Nordic marketing and R&D activities within nutrition and food research.
- Nestlé markets more than 2.000 food and beverage brands and has the world's largest private nutrition and food research capability. Nestlé has operations in more than 85 countries and 330.000 employees worldwide. The company was founded in 1866 and is headquartered in Switzerland.
- Choosing Copenhagen over other Scandinavian locations is a well-considered strategy.



The Copenhagen region is ideal for Nestlé's business strategy for the Nordics. Denmark is a leader in food and nutritional sciences, and the Copenhagen region is home to many educational institutions, supplying the labour market with skilled talent relevant for our business.

**Peter Svensson
Former CEO, Nestlé Nordic**

CASE: L'ORÉAL



ABOUT:

- The global beauty and cosmetics group, L'Oréal, is consolidating its Scandinavian headquarters and distribution warehouse in Greater Copenhagen. The Nordic countries are important markets for L'Oréal, and the global beauty and cosmetics company established its first Scandinavian distribution centre in Greater Copenhagen in 1998.
- To serve customers and countries most efficiently, L'Oréal has regularly evaluated and reassessed its Scandinavian business setup, monitoring individual market volumes and turnover across the Nordics. L'Oréal has chosen to consolidate many of their Nordic activities in Copenhagen.
- 420 employees will work in the Greater Copenhagen offices. The distribution warehouse will serve customers in Denmark, Norway, Sweden and Finland and the Scandinavian headquarters will handle all shared service functions such as HR, IT, accounting and customer service support.

WHY DENMARK?

The decisive factors were competitive labour costs, a large talent pool, flexible hiring and firing practices, and strong infrastructure.

CASE: THALES

THALES

ABOUT:

- Thales is a French multinational company that designs and builds electrical systems and provides services for the aerospace, defence, transportation and security markets. With 64,000 employees and operations in 56 countries Thales is a global market leader.
- Thales has been involved in Danish projects since 1991, and as a result of the significance of the Group's activities and the market outlooks in Denmark, Thales decided in 2015 to established a formal regional office.
- Today, Thales in Denmark employs more than 120 people and functions as the hub for eight countries in Northern Europe.



Thales recognises the high quality of Danish research, and it is a principal objective to recruit local employees and establish long-term cooperation with Danish universities and regional research centres. The Nordic and Baltic cooperation with the Group will bring high levels of modernization and increase capabilities for Thales.

CASE: MEDTRONIC



ABOUT:

- Medtronic is a global leader in medical technology, services and solutions, using its clinical, therapeutic, and economic expertise to address the complex challenges faced by healthcare systems today.
- Medtronic has been established on the Danish market for more than 45 years. Employing 172 persons in Denmark, including product specialists and support functions, the office serves as the regional office for the Nordic countries, the Baltics and Poland.
- Medtronic engages in various research collaborations in Denmark and has appointed Copenhagen University Hospital Center of Research & Innovation as one of 12 centers in Europe.



..the strong competencies and the high quality in the clinical trials, tests and research in general in Denmark is the reason why Medtronic has established very strong relationships with the highly skilled Danish doctors and scientists.

**Mette-Marie Harild
VP of Nordic and Baltic
countries and Poland**



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APPENDIX



INVESTMENT INCENTIVES AND FUNDING



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
The Trade Council

THE TRADE COUNCIL

Favorable export incentives - assists and develops new market opportunities

The Trade council assists Danish and international companies with export and investment promotion services. Our export promotion services include export guidance as well as innovation and internationalization solutions for Danish companies looking to expand abroad.



EKF

Export financing, financing for foreign buyers, export credit guarantee

Creating growth and prosperity in Denmark by helping Danish companies reach beyond national borders is their main goal. EKF makes it easier for businesses to win orders, they finance growth plans and minimise the risk of doing business in distant markets.



IFU

Project export financing

Supports the 17 UN Sustainable Development Goals. IFU invests knowledge and risk capital in sustainable companies that create impact in developing countries and a return to their investors.

INVESTMENT INCENTIVES AND FUNDING



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
The Trade Council

INNOVATION CENTRES

Unique innovation programmes out of a Danish company

Innovation Centre Denmark help Danish companies and organisations prosper and scale in the intersection between science, technology and innovation by giving access to world-class innovation, research and capital. Our centres around the world assist both innovators and established companies.

The aim is innovation and growth through partnerships with the best of the best in the innovation environments near our innovation centres. Innovation centres are located in Silicon Valley, Munich, Boston, Shanghai, Seoul, New Delhi/Bangalore, Tel Aviv and São Paulo.



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
Danida

DANIDA

Subsidised loans to large infrastructure projects in developing countries

Further, Danida Business Explorer gives financial support to Danish companies who wish to explore a specific business opportunity in a developing country.

The project must address a development need in the developing country and focus on contributing to the Sustainable Development Goals.

WHY CHOOSE A NORDIC HQ BASED IN DENMARK?

- 1. 31.42 % mandatory employer social security contributions** in Sweden – (in Denmark only 1.1%)
- 2. Flexicurity** – Europe's most employer-friendly hiring and firing practices
- 3. 59 % lower prime office rent** in Copenhagen vs. Stockholm
- 4. Simple tax rule** – Danish HQs exempt from double taxation on foreign profits
- 5. No termination cost** when scaling down operations in Denmark
- 6. Up to 20% cheaper** operating a company in Denmark vs. Sweden (salary & office rent)
- 7. Strategic footprint** into the Nordics and Europe
- 8. Investment and funding incentives** - various schemes to expand out of Denmark
- 9. "AAA" ratings** – Standard & Poor's, Moody's and Fitch, 2019



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**THANK YOU
FOR
LISTENING**

www.investindk.com

