



CHOOSE FRANCE SUMMIT JANUARY 20, 2020

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France™



FRANCE:
THE SMART
CHOICE
FOR YOUR
INVESTMENT





1

**Attractiveness is up
at record heights**

2

France's assets:

- **Friendly business environment**
- **A creative and competitive talent hub**
- **A key-player in innovation and tech**
- **Industry for the future**
- **A strategic logistics crossroad**

3

**What's next?
France is moving forward
with a pro-business
reform agenda**

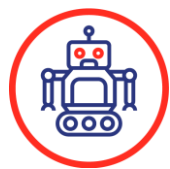


1,323 new investment decisions in France in 2018
(a 10-year high)

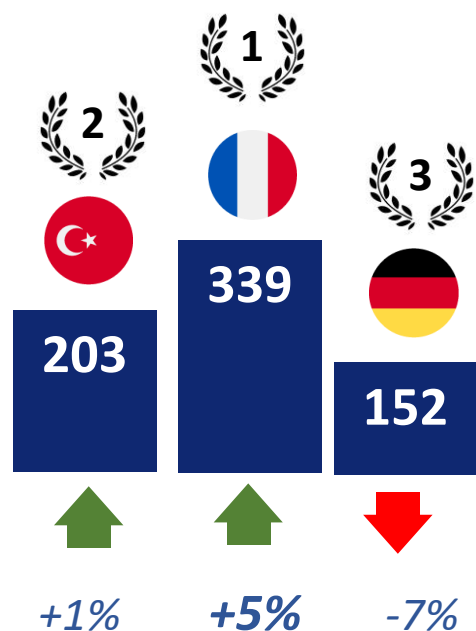


25 new investment decisions in France, every week, in 2018
(21, in 2017)

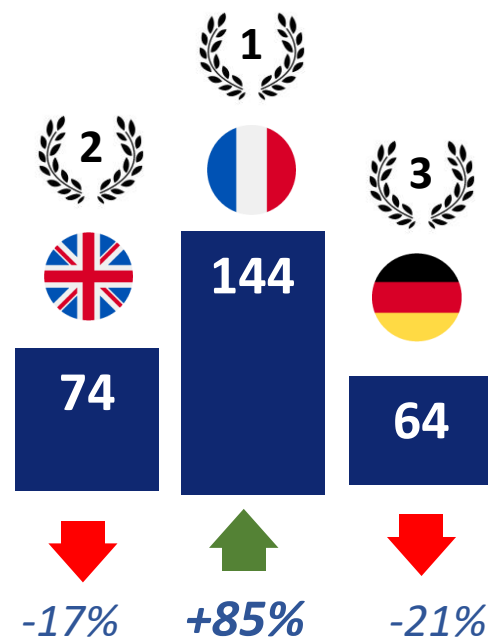
France is Europe's leading host country of FDI projects in:



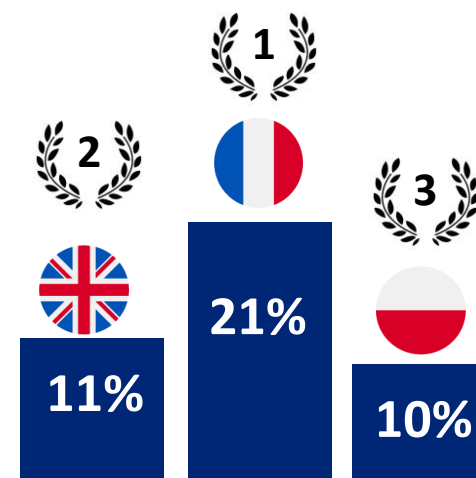
Industry



R&D



Logistics



2018: number of projects in industry and R&D
(EY, 2019)

2018: % of logistics projects in Europe
(market share)
(Annual Report, Foreign investment in France, 2019)

Europe's new champion for international investment

France has been the leading host country for foreign investment in industry for more than 15 years.

France attracted 20% of all job-creating foreign investment in Europe, compared with 16% in the United Kingdom and 14% in Germany.

France attracted 420 new foreign companies in 2018 (30% of overall projects), with 38% of investment decisions being site expansion (up 22%) and 56% of decisions involving investments at new sites.

France is moving up in international rankings

International investors' confidence in the future of France is reflected in international rankings, due to the country's continued improvements in its business environment, while the country's basic assets remain strong.



5th (up two places)
among the 10 most attractive countries
in the world over the coming three years

A.T Kearney 2019: its confidence index of FDI examines the impact of political, economical and regulatory changes on investment intentions and preferences among top managers of the largest firms in the world



81% of the foreign companies
established in France are considering
investing in France in the coming years
(up nine points year on year)

IPSOS - « États de la France », 21 novembre 2019



84% of heads of France-based
subsidiaries of foreign companies
regard France as an attractive
destination for business
(up 10% compared with 2018))

IPSOS - « États de la France », 21 novembre 2019

France is open to the world

- International firms from 108 different countries have invested in France in 2018
- 2nd largest European market of 67 million consumers
- Central European location with direct access to 500 millions consumers with a high standard of living and 22% of world GDP
- Easy access to EMEA markets (Europe, Middle-East, Africa)
- France is the leading country in the world for cross-border trade efficiency thanks to easy and free procedures (*Doing Business 2020, World Bank*)



28,000 foreign companies established in France account for:



1% of all businesses



13% of jobs (2.2 million)



17% of value added

generated by the non-agricultural and the non-financial market sectors.



21% of French GDP



25% of R&D expenditure



31% of French exports

France is a nation of entrepreneurs



Only 4 days required to establish a company in France

versus 4.5 in the UK and 8 in Germany.

World Bank, Doing Business 2020



Only 0.7% The cost of procedures

to set-up a business (GNI per capita) in France, compared with 1% in the United States and 6.7% in Germany.

World Bank, Doing Business 2020



691,000 new companies set-up in France in 2018 (+17%)

Among which, 28,500 in the industrial sector. France was Europe's second leading country for enterprise creation.

Reforms in France to boost business

- **Unlock business investment** thanks to the reduction in corporate tax (25% by 2022), lower social contributions, a 40% depreciation allowance of investments in robotics and digital solutions for SMEs, in 2019 and 2020, and lower taxes on capital with the introduction of a flat tax (30%).
- **A more flexible and predictable labor market** to boost employment.
- **Skill investment program**: €15 billion aimed to job seekers and young people; two million people will be trained until 2022.
- **Administrative simplification** for businesses and industrial sites.
- The 'Productive Pact' will be presented in the first quarter of 2020, and implemented from autumn onwards. It aims to help reach full employment by 2025, improving industrial competitiveness and boosting job creation.

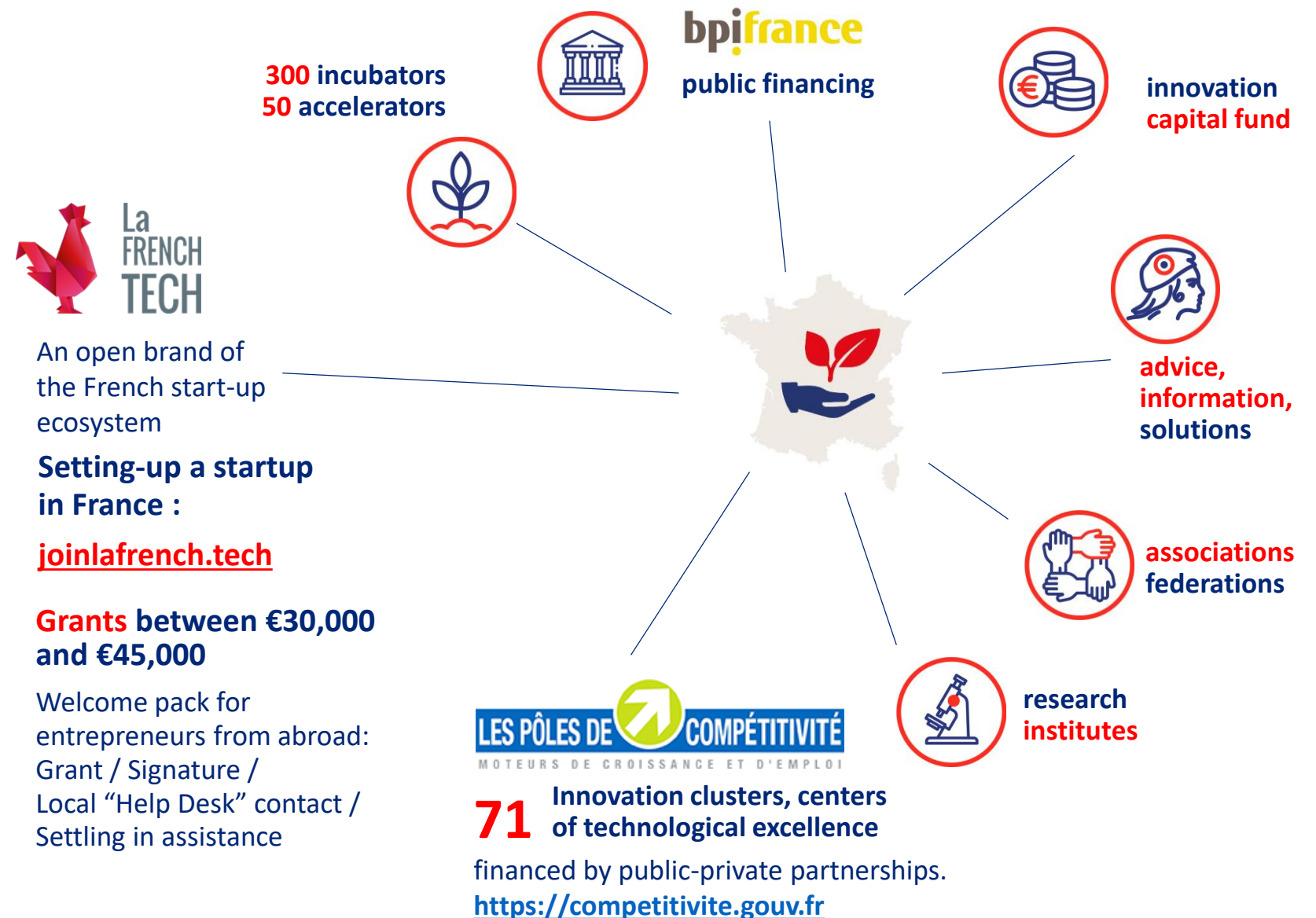


A vibrant and innovation scene

France is **1st** in Europe for the number of groups that have created a laboratory, incubator or accelerator (48% in France, versus 40% in Germany and 25% in the United Kingdom)

CIR The best R&D incentive in Europe

CIR (“Crédit d’Impôt recherche”) or Research tax credit: Businesses that incur expenses relating to research or innovation can receive a tax credit worth 30% of eligible research expenditure up to €100 million, and 5% above this threshold. This initiative has been made permanent by the current government and amounts to more than €5 billion.





The French VC market : a gateway to tech investments in Europe

- The French venture capital market is of strategic importance for corporates investing in European tech.
- One-third of venture capital and external growth transactions involve a French investor.
- 80+ French portfolio managers active in venture capital and high-growth technologies.
- More than 50% of French venture capital firms are active abroad.



1st country in Europe for funds raised by venture capital firms

€2.8 billion in 2017, ahead of the United Kingdom (€1.5 billion) and Germany (€1.1 billion)

Invest Europe / France Invest



40% funds in Europe managed by French portfolio managers



Economic policies in support of the growth of business and innovation

The Action Plan for Business Growth and Transformation, or PACTE Act, adopted on April 11, 2019, is a package of liberalization measures aimed at:

- boosting business performance,
- fostering innovation
- promoting competitiveness



Economic policies in support of full employment

The Productivity Pact Act (in preparation for the first quarter of 2020 will be the second stage of the transformation of the French economy

Offering maximum predictability through the implementation of multiyear frameworks with:

- A law of multiannual research programming presented to Parliament in early 2020 for implementation in 2021
- The multi-year energy planning (currently being examined).



€57 billion

National Investment Program 2018-2022

€13 billion to boost competitiveness through innovation



- Speed up the ecological transition
- Improve innovation in businesses, encourage risk-taking in the sectors of artificial intelligence, the exploitation of big data, nanotechnologies and cybersecurity
- speed up the adaptation of tools and changes in agricultural, fishing, agri-food and forestry/wood practices
- support French scientific excellence, consolidate the emergence of major world-class integrated universities, boosting the entire higher education and research system.

France attracts foreign talents

The “Welcome to France” online service to facilitate the installation of talents and their families.

A DEDICATED WEB PORTAL AND TEAM

- VISA
- HEALTHCARE
- SCHOOLING
- TAXATION

www.welcometofrance.com



Special **tax status** for **Innovative new companies**, which comes with tax and social security exemptions **to encourage R&D**



41 bilateral social protection agreements



478 international programs taught in 16 different languages in schools across the country

A dedicated tax regime for expatriates

A special expatriate exemption scheme exists to help attract company directors and employees to France by providing partial income tax exemption, subject to certain conditions and for a period of up to eight years

Hourly productivity is more dynamic, while the increase in hourly labor costs remains limited

On average, employees in France work longer hours than in Germany and the United Kingdom: 37.2 hours per week, versus 36.5 in Germany and 34.9 hours in the United Kingdom. (*The Conference Board, 2018*)

Hourly productivity has increased by 2.5% in 2018, compared with 2.1% in Europe. France is ranked ninth in the world for hourly labor productivity, ahead of the United Kingdom (19th).

One million engineers in France – as many as Germany, which is 24% larger in population. Some 38,000 new engineers enter the French labor market every year.

Hourly labor costs have increased on average by 1.1% per year in France since 2013, compared with more than 2% in the EU. They increased by only 0.9% in 2018, versus 2.6% in Germany and 2.3% in the United Kingdom (*Eurostat*).

Labor costs have been controlled thanks to measures to reduce taxes. The hourly statutory minimum wage is lower in France (€10.40/hour) than in Germany (€11/hour).

Source: Eurostat, OECD



France is ahead of **Germany and the UK** for hourly labor productivity

The Conference Board, 2018



Average cost of a researcher in France among the most competitive in the world:

- 50% less than in the United States
- 21% less than in Germany
- 17% less than in the United Kingdom

National Research Technology Association (ANRT)



Reforms in France to foster human capital

- Apprenticeship and vocational training reform to prepare the workforce for technological breakthroughs
- Skills investment Program (€15 billion): 2 million people are to be trained within five years
- Students and apprentices to have access to training courses tailored to their needs
- Adapting the workforce's skills to the needs of businesses
- Simpler procedures for businesses to hire apprentices

**France's assets:
A creative and
competitive talent hub**

A leading country in innovation and tech



97 French companies in the Top 500 Tech leaders

in the EMEA zone for the 8th year in a row, ahead of the UK (92) and the Netherlands (50)

(Deloitte Technology Fast 500)



13 FIELDS Medals earned by French mathematicians

out of 60, making France the 1st worldwide, alongside the USA.

The excellency of French mathematics is a strength for digital technology and finance.



+10,000 startups in France

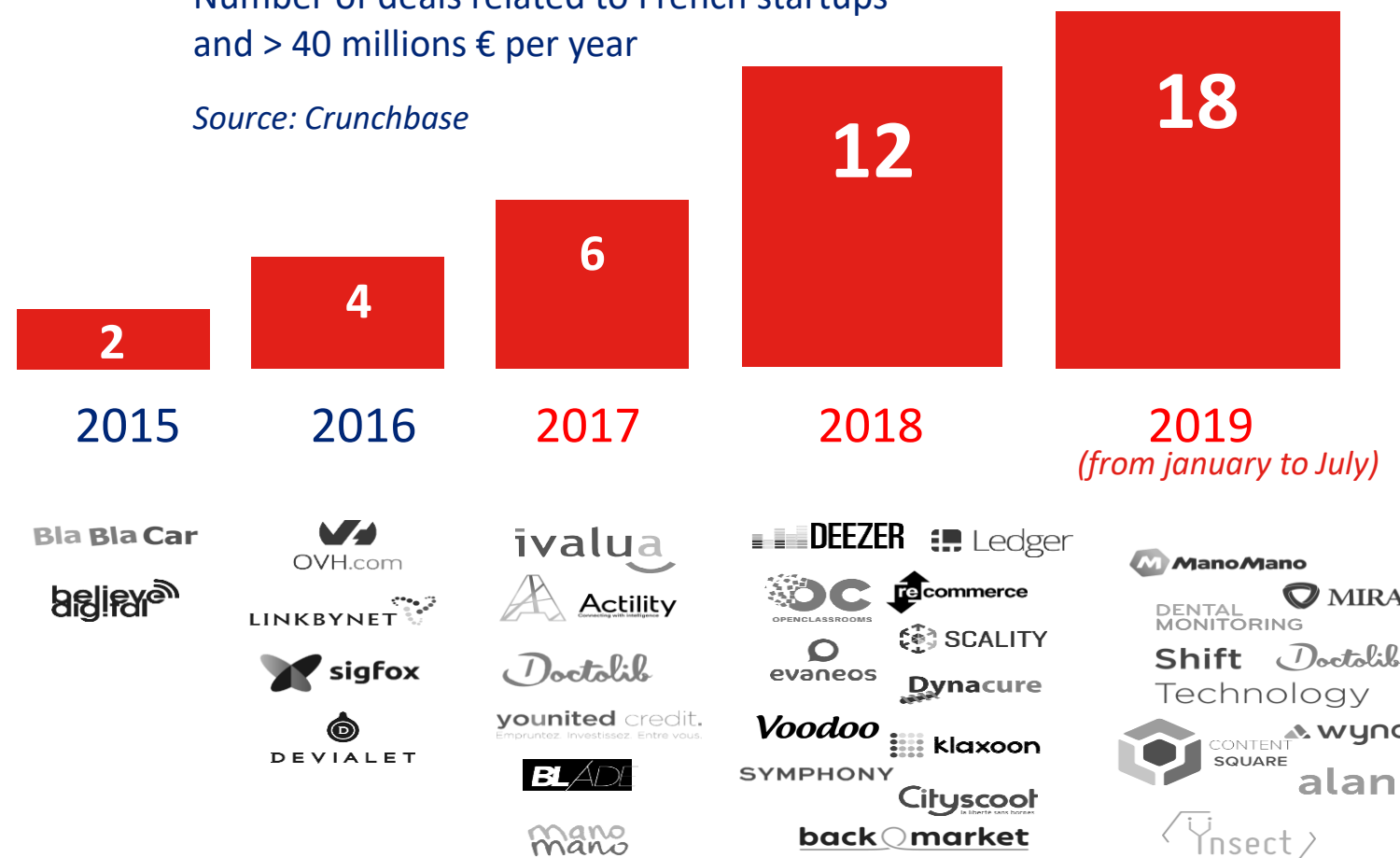
gradually becoming established businesses with the financial resources to achieve their goals

- €15.56 billion raised since 2014, in 3,142 different deals.
- A new generation of unicorns is emerging in France. In some specific sectors such as Food tech, French unicorns rank first in Europe.



Number of deals related to French startups and > 40 millions € per year

Source: Crunchbase





#1 Continental European country in terms of attractiveness for artificial intelligence

Artificial Intelligence – A strategy for European startups, ROLAND BERGER, ASGARD, 2018



+79% growth in financing

Deep Tech in France: \$912 million in 2018, making France second in Europe

Dealroom



A national ambition to develop artificial intelligence

- France is doubling its computing capacity for AI, thanks to the "Jean Zay" computer installed in 2019 at IDRIS, the CNRS national computing center.
- Deep tech in France raised \$912 million in 2018 (up 79% year on year), making the country 2nd in Europe (Dealroom).
- France is the first country in continental Europe in number of AI startups, and Paris is the second AI talent hub in Europe with 80+ higher education programs in 2018.

AI France's strategy

- AI for Humanity: action to build the ecosystem, unlock the potential of French research, value data and the ethics of artificial intelligence, with an investment of €1.5 billion over five years and €500 million in private financing.
- Bring together scientific and industrial leaders in AI within the PRAIRIE Institute (PaRis Artificial Intelligence Research Institute).
- National master plan for artificial intelligence and a research center on artificial intelligence within the framework of Franco-German cooperation.
- Foster German-French projects and push ahead with regulatory and financial issues at a European level.
- Creation of a taskforce at the French financial markets authority (AMF) to assess the impact of artificial intelligence on the financial sector.
- Man Machine Teaming (PEA MMT) program of € 100 million.

France's ambitions in industry

- The share taken by renewable sources in the energy mix must reach 23% by 2020 and 32% by 2030 in France.
- Major investment plan to develop the electric, hybrid and driverless vehicle sectors.
- €700 million to develop the electrical batteries sector.
- €2.2 million for the "My Health 2022" plan.



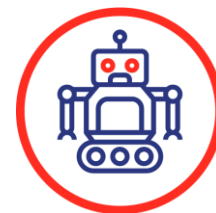
The French Fab

Launched in October 2017, FRENCH FAB brings together industry players in France under a single banner.

- Speed up the transformation of industry and maximizing the value of expertise
- Join the French industrial ecosystem
- Embody the future of French industry
- Promote French industry and develop its influence internationally to attract talent and foreign capital.

Investing for the future

A €10 billion in funds is allocated to support innovative projects in multiple sectors (AI, ADAS and driverless vehicles, electric vehicles, biotechnologies, nanotechnologies, etc.).



A strong national support for industries of the future in France

Creation of Alliance Industrie du Futur to help companies in France transform their economic model using new technologies (digital or non-digital).

An action plan for the digital transformation of the industry was created in 2018 with 3 main components:

- a 40% depreciation allowance of investments in robotics and digital solutions for SMEs
- the creation of acceleration platforms for industrial technologies
- support for the digital transformation of 10,000 SMEs by 2022.

Cheap energy and world-class connectivity for the industry

France offers broadband Internet access at US\$37 per month, less than in the United Kingdom (US\$41) or in the United States (US\$61).

Mobile broadband rates (US\$18) in France are much lower than in Germany (US\$38).

France has more public Wi-Fi hotspots than any other country in the world: 13 million, compared with 9.8 in the United States and 5.6 in the United Kingdom (*iPass, 2018*).

98% of the French population was covered by 4G in the second quarter of 2018. The objective of 100% will be met by 2022.



€61.3/Mwh Competitive electricity rate

for industrial use (consumption between 70,000 and 150,000 Mwh in the first half of 2017, according to *Eurostat*).

Electricity in France is 50% less expensive than in the United Kingdom (*Eurostat*).



#2 fixed broadband Internet penetration

among 141 countries,

WEF Global competitiveness Report 2019



1st country in the world

for the quality, availability and accessibility of its electric supply.

WEF, The Global Energy Architecture Performance Index Report



€20 billion in public and private investments

For the Superfast Broadband Plan (THD). Objective: to cover the entire territory by 2022. Areas of economic activity will be prioritized for fiber coverage.

Logistics is an essential part of France's strategy to develop competitiveness

- France boasts the second longest high-speed rail network in Europe.
- France has Europe's largest road system.
- France is the leading host country for international investments in logistics and accounts for 21% of the European market share of logistics projects.
- France boasts four international gateways: Le Havre, Marseille, Dunkerque and Paris-Charles de Gaulle International Airport.



France #4 in the world

ahead of the United Kingdom (10th and Germany (9th), for the availability and quality of freight infrastructure

WEF – Enabling Trade Report

6 flagship measures to turn France into a key logistics crossroad

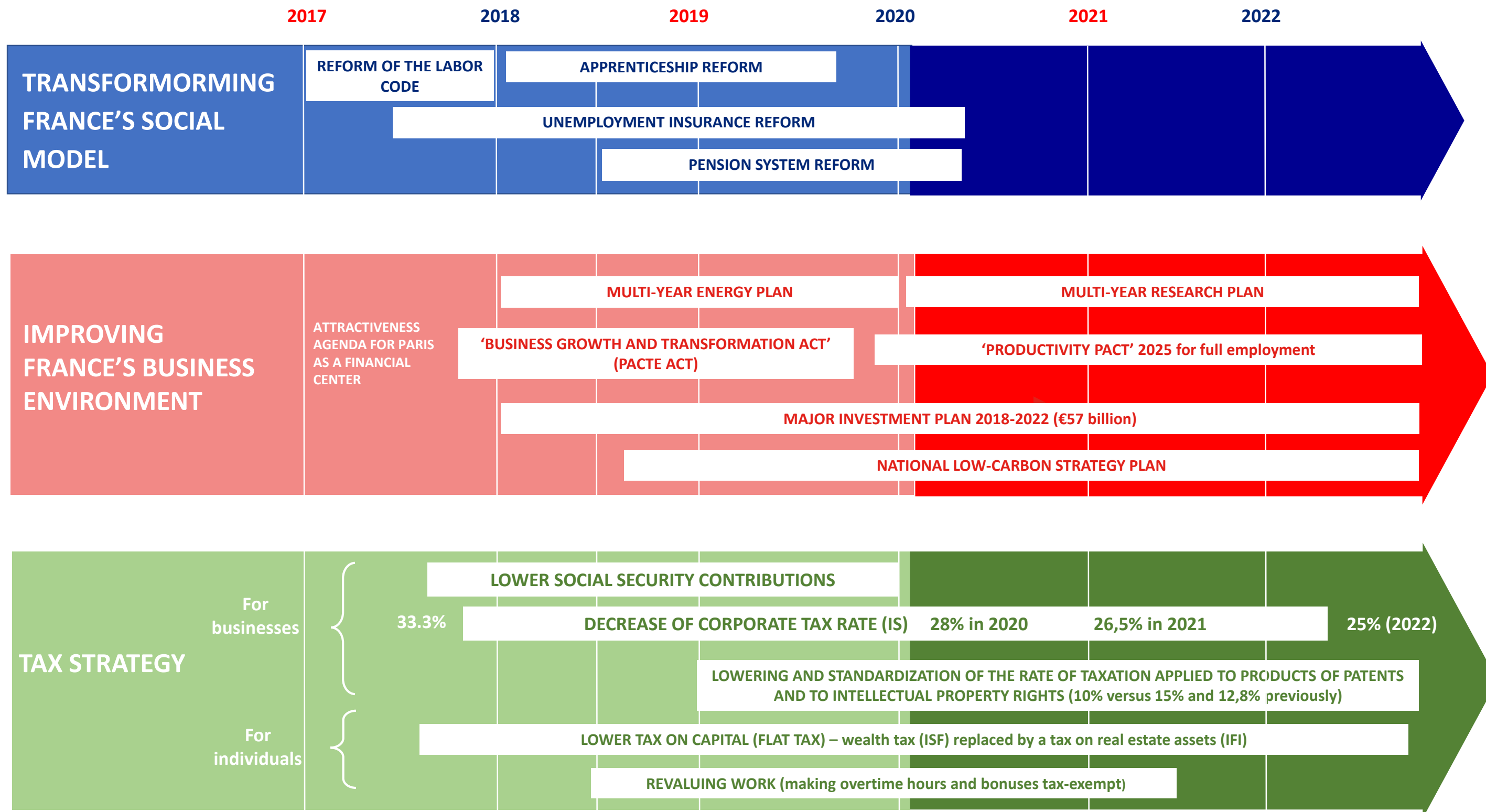
Setting-up a unified approach for companies (carriers, logistics specialists, shippers) and a national working group to guide collaboration between companies, the administration and regional authorities

- **A single border point of contact** including custom services, veterinary and phytosanitary services and the Directorate-General for Competition, Consumer Affairs and Prevention of Fraud.
- Further simplifications in the establishment of warehouses facilities procedures will be implemented as from early 2020
- A digital logistics platform will be set-up during 2020
- A study will be carried out during the first semester of 2020, in order to benchmark European road transport legislations, and propose further harmonization measures
- A new tax system for industrial premises
- Implementation of an action plan 2019-2020 for logistics professions.





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