



P R E S S S E R V I C E

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## **CEE TOP 500 Companies: Stumbling top players with modest increases in turnover**

- **Poland wins again, Ukraine climbs up to the second rank followed by Hungary**
- **Economic framework keeps a grip: slight increase in turnover by +0.2%**
- **Sectors: oil and gas gains despite moderate performance**

The international credit insurance company Coface presents its sixth annual study on the Top 500 companies in Central and Eastern Europe - the Coface CEE Top 500. It ranks the 500 biggest businesses in the region by their turnover and additionally analyses further facts such as number of employees, the framework of the companies, sectors and markets.

*"The change in the ranking of the Top 500 companies illustrates the economic conditions of the past year - and it was not a successful one. Low export rates due to the weak Eurozone and the constraint of access to credit made 2013 a difficult and challenging year for businesses. As a result, the Top 500 companies finished 2013 with a stable turnover and a minor decrease in employment rate. We see that the big players in particular have severe problems in keeping the performance of the previous years,"* explains Katarzyna Kompowska, Executive Manager, Coface Central Europe.

### **Top 500 players: slight increase in turnover, modest recruiting**

The challenging economic year 2013 had an effect on the Top 500 players: the companies in Central and Eastern Europe increased their turnover only slightly by 0.2% to over 644 billion EUR (2013: +5%). Nevertheless, the largest companies in CEE remain very important employers in the region. Although figures dropped by -0.8% compared to last year's study, the Top 500 account for 3.7% of the total workforce (around 2.5 million employees) in CEE. Countries with good GDP growth rates, such as Latvia, Romania and Lithuania, showed the highest increase recruiting (2%–6.5%). On the other side, in five out of 13 countries, staff was down sized. Poland shows stable employee figures.

*"From a regional perspective and compared to the EU average, Romania distinguished itself in 2013 with economic growth of 3.5%. Although the number of Romanian companies ranked among the biggest 500 companies in CEE is similar to previous years (around 10% of the total), it is encouraging for the Romanian economy that most of its biggest players had a positive evolution in terms of performance, with the results posted for 2013 showing 6.3% average growth in turnover and a net profit rate of 3.3%.*

*Ranked by both turnover and number of companies, the oil and gas sector leads the classification for the whole region and for the Romanian companies, with energy supply, automotive and retail sectors completing the podium of the best performing fields of activity."* says Constantin Coman, Country Manager, Coface Romania.

### **Top 3 countries: weak winners and dynamic shooting stars**

Poland is again home of most of the top players in CEE, but the victory in the ranking is modest. In total, 148 companies are represented in the ranking - 23 less than in 2012. Poland holds on to first place as it is the largest economy in Central Europe. This negative change reflects the slowdown in GDP growth in country in 2013 (1.6%) which had already declined from 4.5% in 2011 to 1.9% in 2012.

Ukraine kicked Hungary out of second place and found its way back to the podium. 90 Ukrainian companies generated a turnover of 101 billion EUR, which is the highest figure ever in the ranking. Most newcomers with an exceptionally high turnover growth rate are Ukrainian. On the flip-side, well-known companies from previous rankings often reported a huge decrease in turnover and thus lost their positions. Only seven of them moved up.

Hungary is back on the podium again. In total, 62 Hungarian companies are represented, which is 4 fewer than in 2012. After 5 consecutive quarters of recession and with a negative investment volume remaining since the beginning of 2009, the business confidence in Hungarian companies finally recovered in the second half of 2013. GDP grew by 1.1% in 2013. External demand was the main contributor to growth. This positive upturn is also reflected in the turnover growth in turnover by of the leading Hungarian players (+1.2%).

### **Sectors: oil and gas remain in first place**

The oil and gas sector contributed again the most companies in the Top 500 ranking. The 77 oil and gas giants generated a turnover of 162 BEUR. This is a drop of -3.4%. Also the number one of the Top 500 ranking which comes again from Poland struggled in 2013: PKN ORLEN is once more the winner despite the negative change in net profit and turnover. This outcome can be traced in the case of one unprofitable company - the refinery Mozejki in Lithuania, which recorded high losses.

As in the year before, the energy suppliers achieved a turnover almost half the size of the winning sector (90 BEUR). While the average turnover growth was quite promising - 11% in 2012, the tide turned in 0.9%, in 2013.

Ten new entrants increased the total number of retailers in the CEE Top 500 ranking to 56. Most employees from the Top 500 ranking (20.4%) work in the retail sector. At the beginning of 2013, subdued demand and decreased household spending had an impact on the deterioration of the retail and wholesale trade sectors. In addition, the increasing competition and consolidation processes affected these sectors, which had already begun a slow rebound from the doldrums during the second half of 2013, supported by low inflation and signs of returning consumer confidence. At the end of the challenging year 2013, the 56 companies achieved a turnover of 68 billion EUR (+5.1%), but suffered under a fall in profits.

The flop sectors are led by the construction sector. It remains a constraint in the CEE region and feeding insolvency statistics in many countries of the region. Only six companies made it into the Top 500 ranking, earning 4.6 billion EUR in turnover (-17.7%). The staff shedding from 2012 (-8%) continued, and in 2013 was down to 16.9%. Additional negative performers are the telecommunication sector (25 companies, -4% turnover) and the mining sector (12 companies, -5.2% turnover).



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*“The prospects for 2014 are cautiously optimistic despite the continuing problems of the Eurozone and the slow and gradual improvement of internal demand. Coface anticipates that the average GDP growth rate of CEE countries will nearly double, increasing from 1.1% in 2013 to 2.4% in 2014. The development of the CEE countries is more inhomogeneous than ever: from a GDP growth of -0.6% in Croatia to 3.8% in Latvia”, adds Katarzyna Kompowska, Executive Manager, Coface Central Europe.*

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**About Coface**

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions to protect them against the risk of financial default of their clients, both on the domestic market and for export. In 2013, the Group, supported by its 4,440 staff, posted a consolidated turnover of €1.440 billion. Present directly or indirectly in 98 countries, it secures transactions of over 37,000 companies in more than 200 countries. Each quarter, Coface publishes its assessments of country risk for 160 countries, based on its unique knowledge of companies’ payment behavior and on the expertise of its 350 underwriters located close to clients and their debtors.

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