

Business Sentiment Index

Manufacturing Perspective

Central Europe / 3rd edition / April 2010

A steady rise
Views from senior executives
in Central Europe



Deloitte.

Key Findings



Bronislav Pánek
Partner
Deloitte Central Europe

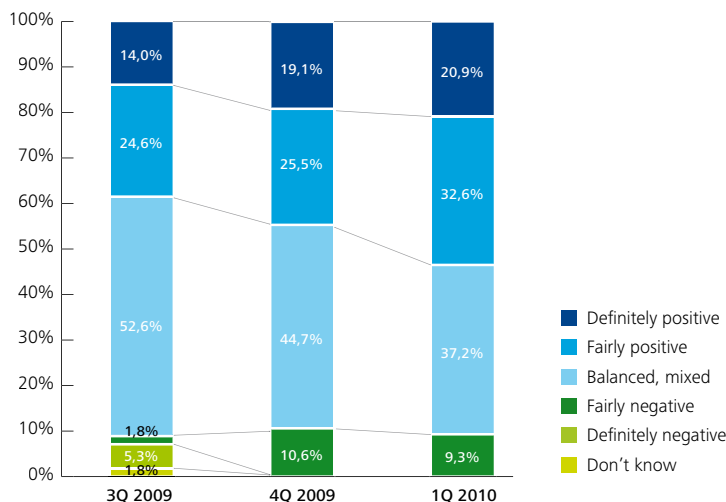
This quarter, we have introduced a new section to the report in which we look at the sentiments of the leaders of different industries and in this edition we focus on the manufacturing sector.

Rising optimism for economy and companies

In this quarter, there was a rise in optimism about the financial prospects for the respondents' companies. Well over half (53.5%) are now positive about their company's fortunes. This is a more positive outlook compared to executives' opinions in other industry sectors, such as retail and energy.

“Most companies have adapted well to the pressure caused by the global economic crisis. In the key areas of financial stability and productivity, the majority of executives surveyed feel their companies' performance is satisfactory now.”

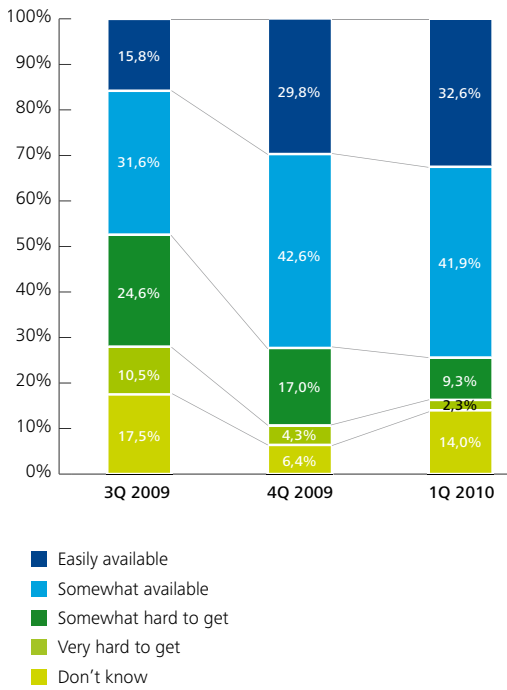
Generally speaking, how do you feel about the financial prospects for your company now? Are they...



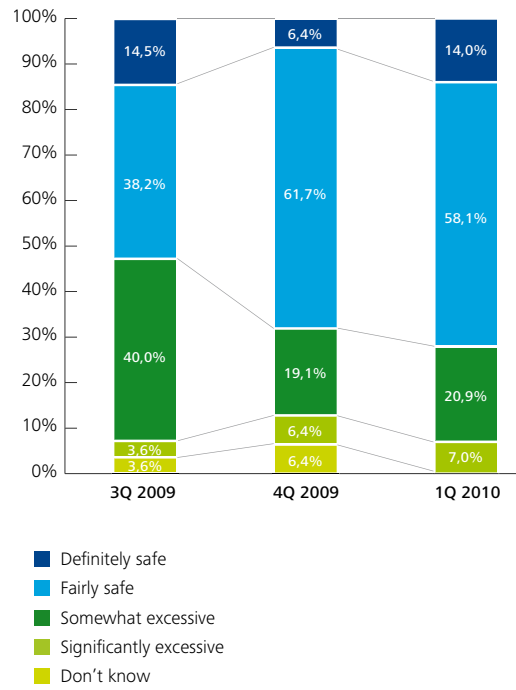
Credit and payment terms remain safe

Confidence in the manufacturing sector is apparent in the large proportion of respondents who believe credit is available for their companies, and who feel the average number of days for payment are acceptable. Three quarters (74.5%) of the respondents believe credit is available, while a similar proportion (72.1%) express satisfaction with their current payment terms.

How do you rate the present availability of credit for your company? Is it...



Looking in general at your company's debtors and outstanding dues - how would you evaluate the time they are currently taking to pay? Is the average number of days of payment...

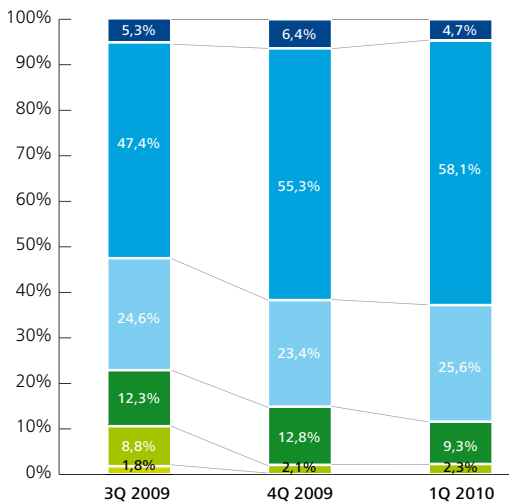


Increased sales and new product launches on the horizon

The positive sentiments expressed by manufacturing executives continued with their optimism regarding increased sales revenues and new product launches over the next 12 months. Over three fifths (62.8%) are confident that revenues from sales will increase, compared to just 11.6% who expect revenues will fall. There is also growing confidence in launching new products or services in the next 12 months – 67.4% are positive about the prospects of new launches.

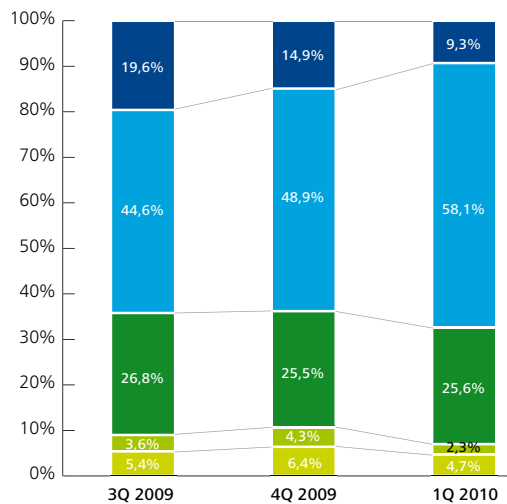
“As confidence in their own sales is growing, market leaders in manufacturing are starting to plan innovations, which will be one of the strongest tools to solve the current market situation.”

In 12 months’ time, do you expect your revenue from sales to...



- Increase significantly
- Increase somewhat
- Stay unchanged
- Reduce somewhat
- Reduce significantly
- Don't know

How do you feel about prospects for launching new products, services or new ways of client service by your company over the next 12 months?



- Definitely optimistic
- Fairly optimistic
- Rather less optimistic
- Definitely less optimistic
- Don't know

More jobs, more spending

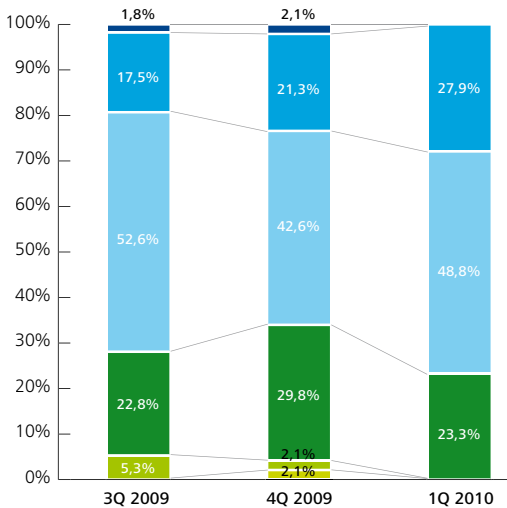
The number of executives who believe their workforces will increase over the next 12 months continues to rise. In 3Q 09, one fifth (19.3%) believed employment levels would go up. This has now increased to well over one quarter (27.9%) of respondents.

Finally, the very positive outlook for spending on capital goods in the next 12 months in the manufacturing sector suggests companies are now feeling more confident about the future. Two fifths (39.6%) expect capital expenditure to increase – more than double the figure from 3Q 09, when just 14.0% felt this was likely.

The growing optimism displayed by respondents to a number of questions in 1Q 10 survey are encouraging. The positive sentiments regarding likelihood of new product launches, capital expenditure and increased sales revenues all point to a sector looking forward to a return to growth.

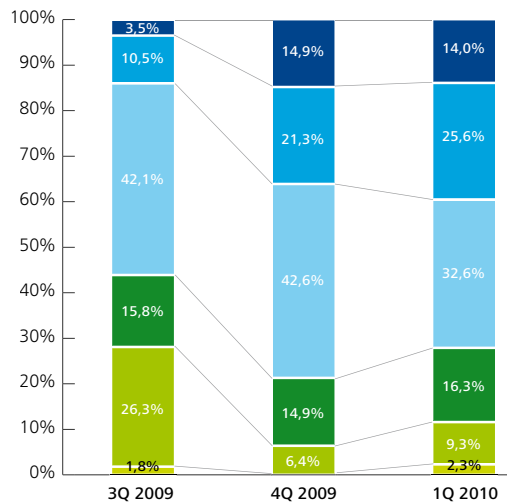
“There is a growing number of executives who are now expecting the employment levels of their companies’ to grow in 12 months’ time. They will be looking for new flexible working and compensation schemes for their employees. The trend will be toward increasing the variable component of employees’ salaries at the expense of the fixed in order to adapt to changed market conditions.”

How do you expect your firm’s total workforce to change in size over the next 12 months’ time? Will it...



- Increase significantly
- Increase somewhat
- Stay unchanged
- Reduce somewhat
- Reduce significantly
- Don't know

Compared with the last 12 months, how do you expect your firm’s spending on capital goods (equipment, IT systems, new buildings etc.) to change during the next 12 months? Will it...



- Increase significantly
- Increase somewhat
- Stay unchanged
- Reduce somewhat
- Reduce significantly
- Don't know

Contacts

Bronislav Panek

Partner, Deloitte Central Europe

+420 246 042 264

bpanek@deloittece.com

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