

TOP 500

Central Europe 2011

“It will be fascinating to see how companies focus on driving revenue growth now that they have already substantially reduced their cost base. I believe that 2011 will be seen as a year when innovative responses to changes in demand, financing conditions and the operational environment truly became the ‘new norm’.”

Michael J. Barrington, Chief Executive Officer, Deloitte Central Europe

Over the last 12 months since the publication of the 2010 Deloitte CE Top 500 report we have seen companies and countries across Central Europe fighting to overcome the continuing impact of 2008's global economic slowdown. Some countries have been more successful than others.

The major themes in this year's Deloitte CE Top 500 report were growth, performance and innovation. We asked 72 senior executives across the region what drove the performance and growth of their companies. They identified the following as their focus areas over the next 12 months:

Growth

Their priorities for growth were:

1. Acquiring new customers
2. Increasing the revenue with current customers
3. Expanding their product/service portfolio.

Performance

Priorities for the next 12 months:

1. Growing revenues
2. Focus on improving profitability
3. Cutting and managing costs.

78.8% of companies included in the Top 500 experienced an increase in annual revenues. Companies across Central Europe saw median revenue growth of 17% since the first quarter of 2010.

Only in two countries (Croatia and Bulgaria) did the total revenues of companies slip, while those in Slovenia and Slovakia saw total revenues rise by an impressive 32% and 33% respectively.

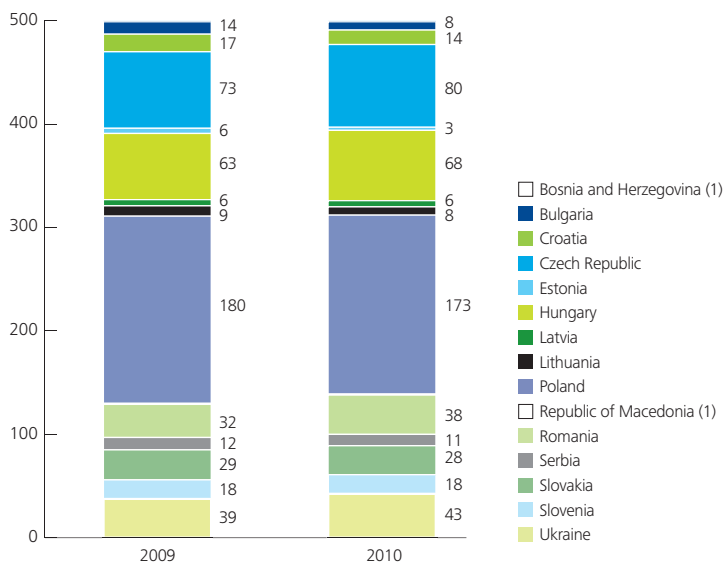
Ranking insights

Poland's entries comprised a dominant 35% of the ranking with 173 companies. The Czech Republic accounted for 16%, or 80 companies in the ranking. This represented an increase over 2010, when 73 Czech companies made the top 500 ranking.

Another country to show an increased representation in the ranking was Romania, whose companies' share of the top 500 rose from 6% to 8% (a rise from 32 to 38 companies), reflecting the ongoing pace of economic development, particularly in industries such as consumer business and transportation and energy and resources.

Manufacturing experienced the greatest increase in the number of companies represented in the ranking. Not only did the number of manufacturers increase by 16 to 117 companies, their median growth in euros over the year (23%) was also substantially ahead of the next best industry energy & resources (13%). We can also observe the increase in the state ownership in the growing manufacturing sector, rising substantially from 6% in 2009 to 10% in 2010. Over the same timeframe, foreign ownership rose from 73 to 79 and local ownership from 22 to 28.

Graph 1: Top 500 broken down by country by number of companies - 2010, 2009



Top 10

Despite the reported changes, the list of this year's 10 largest companies in the CE Top 500 reveals, that there has been only little change in the order since the last year. The top ten were dominated by the region's energy and resources (oil and gas and power) companies, which occupy seven places in the top 10. The revenues of number one (PKN) and number two (MOL) rose by just over a third. Škoda, which rose to third place this year, started to see the benefits of its new growth strategy, which has helped it to achieve a 22.4% growth in revenues.

One faller in this year's top 10 was ČEZ, the state owned Czech company, which fell from third to fifth place due to a revenue increase of 5.9%, lower than the companies around it in the ranking.

The only new entrant, Polish/Portuguese retailer Jeronimo Martins Dystrybcja (whose revenues rose by 30.3%), can be expected to move up the table even further in years to come, as it implements an intensive store-opening programme. In 2010, Metinvest was the highest climber in the top 10, up from ninth place in 2009.

Table 1: Top 10 companies - 2010

Top 500 Rank (2010)	Top 500 Rank LY (2009)	Company name	Country	Revenue from sales (2010)
1	1	PKN Orlen	Poland	20,915.1
2	2	MOL	Hungary	15,530.5
3	4	Škoda	Czech Republic	8,698.1
4	5	Naftogas	Ukraine	8,643.7
5	3	ČEZ	Czech Republic	7,861.6
6	9	Metinvest	Ukraine	7,057.2
7	16	Energorynok	Ukraine	5,346.2
8	8	PGNiG	Poland	5,327.5
9	6	PGE	Poland	5,126.0
10	12	Jeronimo Martins	Poland	5,061.1

Top 20 jumpers

The 20 Central European companies that have made the largest leap up the Top 500 ranking in 2011 are clustered in Poland, Ukraine and the Czech Republic, with Hungary and Slovenia contributing one entry each. While several are subsidiaries of major global parent organisations, many are local organisations, emphasising the region's strengths in natural resources businesses such as energy and metals.

Table 2: Top 20 jumpers - 2010

Top 500 Rank (2010)	Top 500 Rank LY (2009)	Company name	Country	Revenue from sales (2010)
143	430	Sharp Manufacturing Poland	Poland	1,126.2
175	383	Ferrexpo Group	Ukraine	973.3
211	408	Polski Koks	Poland	854.5
278	474	KGHM Metraco	Poland	696.8
204	368	Nikopol Ferroalloys Plant	Ukraine	888.3
291	448	Gazprom sbut Ukraina	Ukraine	672.9
130	283	BAT Polska Trading	Poland	1,247.6
333	476	SIJ	Slovenia	590.9
293	418	Inventec (Czech)	Czech Republic	665.6
304	421	Ferona	Czech Republic	639.2
321	434	Impex Metal	Poland	605.2
226	340	PAT Galnaftogaz	Ukraine	821.0
176	288	Synthos	Poland	966.5
341	446	Petrotank	Poland	580.7
312	411	SM Mlekovita	Poland	627.8
212	309	Maspex Wadowice Group	Poland	850.4
375	471	BASF	Poland	532.7
165	258	GDF SUEZ Energia Magyarország	Hungary	1,007.4
75	167	Donetskstal Metallurgical plant	Ukraine	1,797.9
286	376	Foxtrot Household Appliances	Ukraine	677.8

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