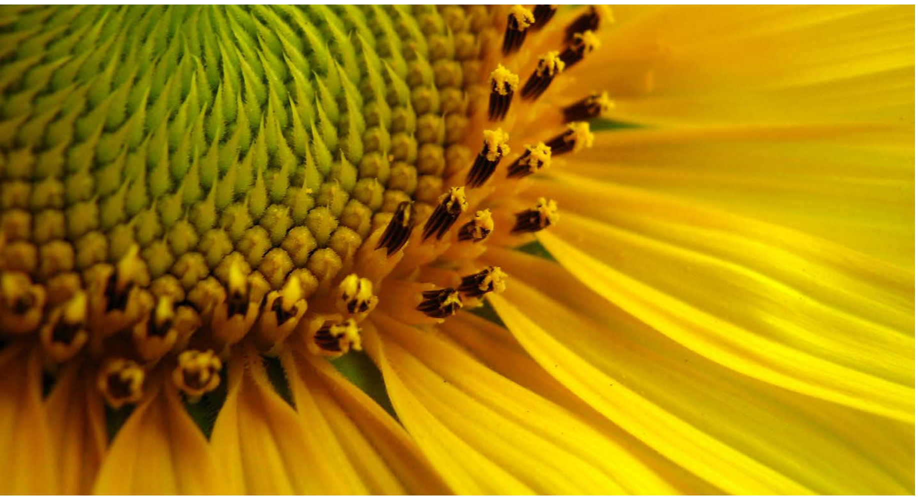

# TOP 500

## Central Europe 2015

**Living with the new normal**
Global business is not getting any easier and one could argue that the global economy and global business have never fully recovered from the 2009 financial crash. We are all living in a "new normal" and it is not always easy. Many executives complain of a chronic malaise among consumers and clients, and that all aspects of business are now tougher and more time-consuming than prior to 2009.

While one does not want to be too pessimistic, it is also noticeable that global confidence indicators are at their lowest since 1989: events in eastern Ukraine, the Greek debt saga, the horrors of fanatical terrorism, the clear perception that extreme global inequality is eroding fundamental values in society and the evident inability of the European Union to devise a coherent immigration policy in the face of the most widespread human migration for 60 years, all add to a pervasive sense of malaise in the world today.

So what does this mean for the CE region? Well, against this back-drop it is looking relatively sound and sustainable. It is no longer the 'glory boy' of the years 2002-2008, but one should consider the following:

- CE looks like Europe's strongest growth region again, much more dynamic than the eurozone (even though some of its economies, like Slovakia, are within the Eurozone).
- This level of growth looks sustainable over the medium term.
- Even events in Eastern Ukraine are not damaging the outlook.
- Companies are looking to locate more out-sourcing operations to the region as wages rise in Asia.
- Compared with other emerging markets such as South Africa, India, Turkey, Nigeria, Brazil, Mexico, Russia etc, political risk in CE looks very acceptable.
- In other words, the CE region really does look like a comparatively safe haven in a turbulent world.

There is a new normal in the world and a new normal in the CE region – but the CE version doesn't look that bad.

## The Ranking

The results of the 2014 ranking of the 500 largest companies in Central Europe illustrate a slightly improving overall situation in the region. Except for the unstable geopolitical situation in the Ukraine, the largest CE companies show signs of economic recovery.

In the CE Top 500 Ranking there were more companies that recorded growth than those showing a decline in revenues. In this edition, for the first time in four years, there has been an increase in the number of companies in this ranking seeing revenue growth (52% vs. 49.8% in 2013).

The revenue level of the largest companies in the region was stable. The average revenue increased by 0.3%, as compared to a 0.0% average change in 2013. However, the total revenues of all the companies in the Ranking went down by 1.8% (vs. a decline of 0.4% last year) to EUR 682 billion.

Additionally, available financial results from Q1 2015 suggest economic recovery, with a 1.7% total increase by in EUR and 3.6% in local currencies, which shows the negative influence of the foreign exchange market

The key sectors represented by the largest companies in the region (consumer goods, transport, energy and resources and manufacturing) continue to account for over 90 per cent of the revenue generated.

## No changes at the top

The top three places in the ranking remained unchanged from last year. Despite a 5.5 per cent fall in revenues in euro terms (down 5.9 per cent in PLN), PKN Orlen has retained its leadership position, followed by MOL from Hungary and Skoda Auto from the Czech Republic. Jeronimo Martins Polska has risen strongly up the ranking from eighth to fourth place. This success was based upon a 9.8 per cent increase in revenues in euros, the expansion of its supermarket chain being one of the contributing factors. Among the TOP 10 in Central Europe, there are four Polish companies from the energy and natural resources sector. The fifth place went to PGNiG, which demonstrated a solid revenue growth of 7.6 per cent. The most important factor was the company's 9 per cent increase in its sale of natural gas. At the same time, the company recorded a 29 per cent increase in its net margin due to lower prices of natural gas and good performance of the distribution segment. The Lotos Group also rose up the ranking despite stable revenues, which was mainly resulted from the poor overall performance of Ukrainian companies relative to the rest of the region. Audi Hungarian Motor soared in the ranking (from sixteenth to seventh place) following the opening of a new plant where the new Audi A3 Sedan is manufactured. In 2014, the number of vehicles manufactured by the company rose by more than three times, to 135 000 cars. PGE secured tenth place.

| Rank | Company short name | Country | Revenues from sales in 2014 (EUR million) |
|---|---|---|---|
| 1 | PKN Orlen | Poland | 25 501,5 |
| 2 | MOL | Hungary | 15 714,1 |
| 3 | Škoda Auto | Czech Republic | 10 864,5 |
| 4 ↑ | Jeronimo Martins Polska | Poland | 8 567,6 |
| 5 ↑ | PGNiG | Poland | 8 188,6 |
| 6 | Metinvest | Ukraine | 7 839,0 |
| 7 ↑ | AUDI Hungaria Motor | Hungary | 7 420,5 |
| 8 | ČEZ | Czech Republic | 7 283,4 |
| 9 ↑ | Lotos | Poland | 6 803,6 |
| 10 | PGE | Poland | 6 716,5 |

To learn more about this year's trends and insights download the report at:
**www.deloitte.com/cetop500**