

Bucharest, 6 September 2017

**Coface announces CEE Top 500 companies:
Automotive and transport is the leading sector in the region
Oil & gas continues downturn and loses number one position for
the first time**

- **2016 – a heterogeneous year for CEE: labour market boomed while turnover and net profit of largest companies decreased by -0.6% and -3.1%**
- **CEE Top 500 companies increased their workforces, producing lower unemployment rates in the region in 2016**
- **Poland with +3.3% in turnover still the biggest player, followed by Hungary (-11.5% in turnover) and the Czech Republic (-2.2% in turnover)**
- **Sectors: automotive industry up (+8.6% in turnover), oil & gas sector down (-5.6% in turnover)**

The CEE Top 500 companies generated a turnover of EUR 580 billion in 2016. The biggest companies experienced a decrease in turnover and net profit, but increased their workforces significantly. Automotive overtook oil & gas as the biggest sector for the very first time. These are the main findings of the ninth Coface annual CEE Top 500 study, in which the international credit insurance company reports on the 500 largest companies in Central and Eastern Europe, reflecting developments across the region.

After peaking at 3.5% in 2015, its highest post-crisis level, CEE average growth dropped to 2.9% in 2016. Economies benefited from the favourable situation on the labour market, with falling unemployment rates and rising wages. *“The improving macroeconomic environment has had a positive effect on business, with company insolvencies dropping by 6% in 2016 and 14% in 2015”,* explains Katarzyna Kompowska, CEO Coface Central and Eastern Europe. *“Furthermore, labour markets continued to improve, resulting in unemployment rates that have reached the lowest levels ever recorded, most notably in the Czech Republic, with 4.0%. Rising wages and low inflation, along with improving consumer sentiment, have made household consumption the main driving force behind economic expansion, which had a positive effect on some sectors in CEE.”*

Top 500 players: decline in growth, increase in workforce

The Top 500 companies generated EUR 580 billion in 2016 – a minor decrease of -0.6% – and experienced a greater downturn in net profit by -3.1% to EUR 26.3 billion. In contrast to the decrease in turnover and net profit, employment rates boomed. The CEE Top 500 companies employed 4.5% of the total labour force in the region, strengthening their workforce significantly by +3.9% to 2.24 million people. This development was reflected in the declining unemployment rates in the region. In ten countries the unemployment rates decreased by even more than 10%, most notably Hungary with -25.0% to 5.1% and the Czech Republic with -21.6% to 4.0%. In most of the CEE countries unemployment rates are now even lower than in Western European countries. The only country which registered higher unemployment figures than the year before is Estonia with +9.7% to 6.8%.

Diverse sector landscape: automotive industry up, oil & gas sector down

The analysis by sectors showed a changing market. Traditional industries declined and new ones were ready to take over. Although the overall turnover decreased by -0.6%, nine out of 13 sectors increased their turnover in comparison to the previous year. The decrease in the Top 500 turnover can be attributed to four sectors: oil & gas (-5.4%), energy (-7.3%), mechanical & precision engineering (-59.1%) and metals (-6.4%). Their revenue losses were too large to be offset by the positive performance of the other sectors.

The downturn in the oil & gas sector, which has previously dominated the ranking, has been monitored over the last few years. With 92 companies (18.4%) remaining in the Top 500, compared to 111 in 2015 (22.2%), the sector lost in turnover due to the difficult global commodities market. As a result, over 50% of the 92 firms from this industry lost ground in the ranking.

The automotive and transport sector took over the lead position with a turnover of EUR 128 billion. In the EU, new passenger car registrations increased by nearly 7%. This higher demand had a positive impact on car producers, which are mainly located in CEE. Car manufacturers and producers of components and spare parts in the region increased their capacities for Western Europe, their main export destination. In 2016, more than 20% of all CEE Top 500 companies (102 companies) worked in this field whereas in 2015 it was only 17%. Revenues rose by +8.6% and net profit increased by +6.8%. This result is due to a very favourable economic environment with increasing demand.

“Romania should be watched very closely in the coming years. In the recent past, more and more companies have grown large enough to enter the Top 500 ranking (from 56 in 2013 to 65 in 2016). The average turnover of Romanian businesses (EUR 891 M) is still lower than in most other CEE countries, but registers its highest ever growth rate in 2016 (+6.6%). Next year’s ranking will show how many Romanian companies have been able to transform the steady economic growth into increased revenues and thus enter the circle of the largest businesses in CEE. Romania is growing as the evolution of the companies, but it is still under the potential of the domestic economy and under the potential of GDP, although it is registering the highest growth of this indicator in the region”, Eugen Anicescu, Country Manager, Coface Romania, stated.

Good outlook for the CEE region in 2017 and 2018

Growth in CEE economies is expected to recover following last year’s slowdown. *“Coface forecasts that the average Central and Eastern Europe GDP growth rate will increase to 3.4% in 2017 and 3.3% in 2018. Both years will be fuelled by stable growth in private consumption, supported by continued improvements on the labour market. Households have already experienced an increase in prices. This shows a reversal of the deflationary period recorded in many economies during previous quarters”,* adds Grzegorz Sielewicz, Regional Economist Coface Central & Eastern Europe.

CEE Top 500 study

The international credit insurance company Coface presents its ninth annual study on the biggest 500 companies in Central and Eastern Europe – the Coface CEE Top 500. It ranks the businesses by their turnover and additionally analyses further facts such as number of em-



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ployees, the framework of the companies, sectors and markets.

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About Coface

Coface, a world-leading credit insurer, offers 50,000 companies around the globe solutions to protect them against the risk of financial default of their clients, both on their domestic and export markets. The Group, which aims to be the most agile global credit insurer in the industry, is present in 100 countries, employs 4,300 people, and posted consolidated turnover of €1.411 billion in 2016. Coface publishes quarterly country and sector risk assessments based on its unique knowledge of companies' payment behavior and on the expertise of its 660 underwriters and credit analysts located close to clients and their debtors.

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ISIN: FR0010667147 / Ticker: COFA

