

# China Investment Forum

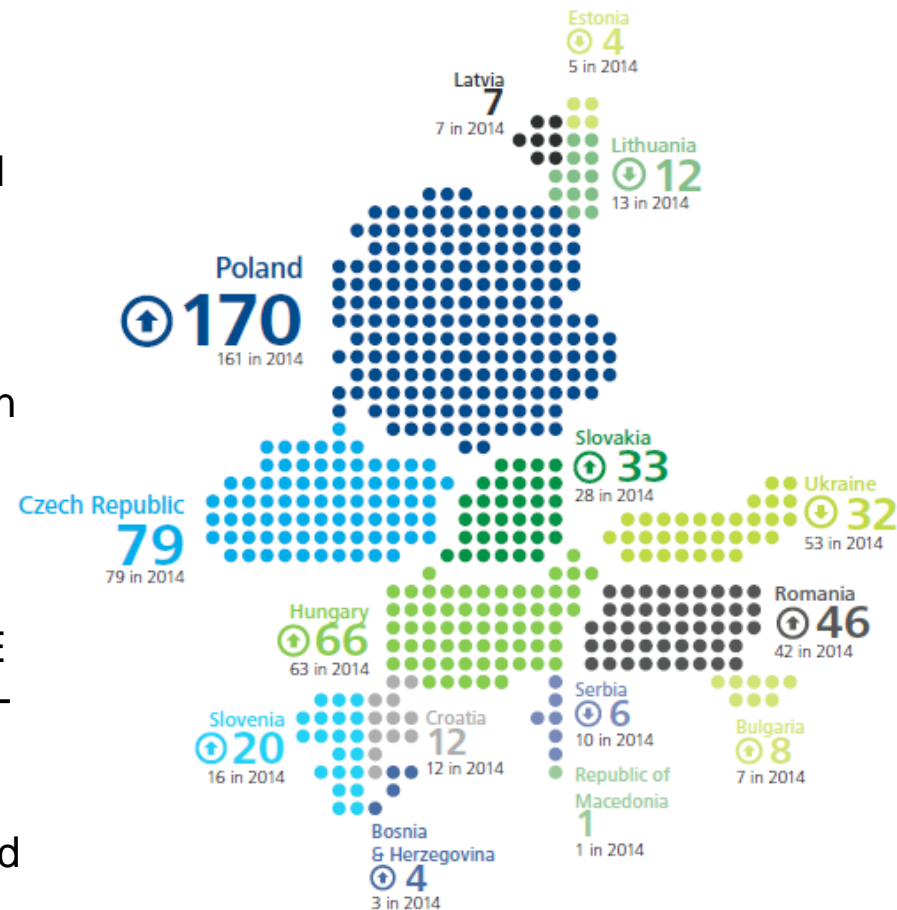
Josef Kotrba



# CE TOP 500

## Czech presence in the ranking

- Czech companies in the CE TOP 500 ranking have retained stable representation and confirmed their competitiveness.
- Through cost-saving measures and increased efficiency, they achieved very good results despite lower sales.
- A more-significant decrease resulting from economic instability was reported by Ukrainian companies; their representation in the CE TOP 500 ranking decreased from **53** to **32** year-on-year.
- The total revenues of Czech companies in CE TOP 500 saw a slight **decrease of 3.7%** year-on-year, reaching EUR 112.6 billion. This corresponds to 16% of total sales, amounting to EUR 682 billion, which were jointly achieved by the CE TOP 500 companies.



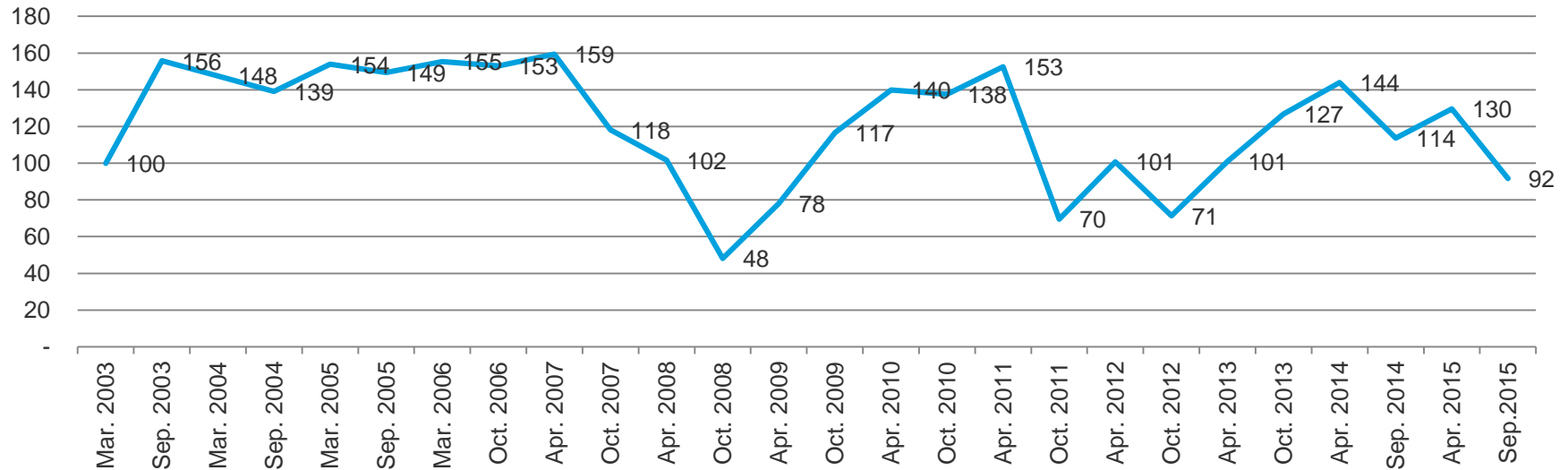
# CE TOP 500

## Ownership structure

- The number of state controlled companies is declining.
- At the same time, those controlled by external parties increased by **7** to **288** in 2014, mainly driven by companies from the Manufacturing and Energy and Resources sectors.
- In total there are fewer companies in the Top 500 that are under capital control of CE entities.

Status 2014	External parties	CE parties	State owned	Total
Bosnia and Herzegovina	1	2	1	4
Bulgaria	3	3	2	8
Croatia	1	7	4	12
Czech Republic	55	17	7	79
Estonia	1	2	1	4
Hungary	54	4	8	66
Latvia	5	1	1	7
Lithuania	3	6	3	12
Poland	90	45	35	170
Republic of Macedonia	1	-	-	1
Romania	36	4	6	46
Serbia	2	1	3	6
Slovakia	25	2	6	33
Slovenia	4	13	3	20
Ukraine	7	18	7	32
<b>Total</b>	<b>288</b>	<b>125</b>	<b>87</b>	<b>500</b>

# Central Europe PE Confidence Index



- Confidence has suffered a drop, resulting in the Index going down from **130** to **92**, the lowest level in three years.
- As is often the case, the economic backdrop may be behind the fall: the timing of the last Index coincided with the announcement of the ECB's €1.1trn quantitative easing programme, which injected markets with some fresh optimism. Now, six months later, the impact has been deemed lacklustre.

# Macroeconomic Situation

## Balanced growth

- The Czech Republic is the most developed country in the CEE region: GDP per capita reached 83% of the EU average in 2014 (Slovakia 76%, Poland 68%, Hungary 67%).
- GDP growth accelerated to 4.3% year-on-year in the 1st half of 2015.
- The labor market reflects GDP growth and low structural unemployment. The jobless rate dropped to 4.9%, the second lowest number within the EU.
- Inflation keeps low thanks to external factors (low oil prices) as well as credible monetary policy with inflation target set at 2%.
- Current account of the balance of payment switched to the surplus (1.5% of GDP in H1/2015). Foreign trade in goods in surplus of 6.8% of GDP.
  - Exports to China: 1.2% of total exports
  - Imports from China: 11.2% of total imports
- Public debt remains low: 41% of GDP. Government deficit at 1.9% of GDP, expected to decrease to 0.6% of GDP in 2018.

# Macroeconomic Situation

## Czech Republic: Regional Winner

- The highest score in the Competitiveness Index 2015-2016 published by the World Economic Forum. Rank: Czech Republic 31, Poland 41, Hungary 63, Slovakia 67.
- The most developed financial sector in the CEE region. Balance sheet of the banking sector (% of GDP): Czech Republic 126, Hungary 111, Poland 92, Slovakia 85.
- The lowest exchange rate volatility. The Czech koruna is deemed as a „safe haven“ among CEE currencies.
- The lowest public indebtedness (in % of GDP): Czech Republic 41, Poland 50, Slovakia 54, Hungary 77.
- The lowest credit risk: 5Y CDS on local government bonds: Czech Republic 46 bps, Slovakia 49 bps, Poland 76 bps, Hungary 162 bps.

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# Deloitte Services

## G&I

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- Preparation of a research and development project to apply a tax-deductible item
- Preparation of an internal guideline for reporting research and development costs
- Expert assessment relating to the compliance of research and development project activities and legislation requirements
- Review of documentation and costs prepared for tax claims



# Contact



**Josef Kotrba**

[jkotrba@deloittece.com](mailto:jkotrba@deloittece.com)

+420 246 042 366

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