SeeNews

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for Southeast Europe

TOP 100 COMPANIES SOUTHEAST EUROPE

13th annual edition

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Letter from the editor

Even before the coronavirus pandemic hit the global economy, companies in Southeast Europe were already struggling to catch their breath. Revenues in 2019 were flattish and profits declined, leaving them with little fat to withstand the forthcoming lean times. Constricted European economic space, low commodity prices and heightened trade tensions all left their mark on balance sheets. Fragmented local markets, long-standing structural blocks to productivity and regulatory issues weighed further on businesses.

Today, as the health crisis continues to rampage across continents, the pace of global economic recovery remains largely uncertain and so do the prospects for the region's quick turnaround to growth.

Getting your priorities straight is essential in a time of crisis. In this edition of SEE TOP 100, we ask the managers of the biggest companies in the region, the international financial institutions, policy makers and analysts where businesses should focus their efforts and resources.

Their answers display striking similarities. There is not one interview or feature story in this publication that does not mention digitisation, innovations and energy transition. Add to this list the need for strong institutions, improved business environment and skilled-up labour.

The governments in the region, the international financial institutions and the EU under its recovery package have come up with billions of euro of funding to cushion the impact of the pandemic. In this sense the crisis is a rare opportunity to speed up the region's economic convergence with the rest of Europe if these areas are prioritised.

At the same time, Southeast Europe can benefit from a global shift toward shortening of supply chains to bring businesses closer to the headquarters of their Western parents as EU membership, geographical and cultural proximity come into play to the region's advantage. Yet, removing regulatory hurdles, providing utmost flexibility in labour conditions and ensuring a level playing field will be key to making the best of this shift.

Nevena Krasteva
Editor-in-chief

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in millions of euro

Rank 2019	Rank 2018	Company name	Country	Industry	Total revenue 2019	Total revenue 2018	Y/Y change in revenue	Net profit/ loss 2019	Net profit/ loss 2018	Rank by net profit/ loss
1	1	Automobile-Dacia SA	Romania	Automobiles	5214	5348	-0.11%	138.7	161.3	10
2	3	OMV Petrom SA	Romania	Petroleum/Natural Gas	4650	4195	13.60%	745.6	831.8	1
3	4	OMV Petrom Marketing SRL	Romania	Petroleum/Natural Gas	4022	3864	6.67%	92.7	89.8	16
4	2	Petrol d.d.	Slovenia	Petroleum/Natural Gas	3648	3642	0.18%	60.2	100.6	26
5	6	Lukoil Neftochim Burgas AD	Bulgaria	Petroleum/Natural Gas	3266	3008	8.59%	-41.1	-130.0	95
6	5	Rompetrol Rafinare SA	Romania	Petroleum/Natural Gas	3118	3067	4.16%	-73.8	-49.4	98
7	7	INA d.d.	Croatia	Petroleum/Natural Gas	2904	2956	-1.42%	88.1	179.8	17
8	11	Rompetrol Downstream SRL	Romania	Petroleum/Natural Gas	2513	2362	9.02%	19.7	16.3	57
9	12	Kaufland Romania SCS	Romania	Wholesale/Retail	2499	2349	9.01%	177.4	169.1	6
10	10	JP Elektroprivreda Srbije	Serbia	Electricity	2471	2350	4.59%	31.2	15.0	43
11	8	Aurubis Bulgaria AD	Bulgaria	Metals	2467	2605	-5.32%	135.9	119.1	11
12	9	GEN-I d.o.o.	Slovenia	Electricity	2280	2396	-4.82%	15.5	13.0	65
13	15	British American Tobacco (Romania) Trading SRL	Romania	Food/Drinks/Tobacco	2277	2078	12.31%	22.6	33.3	55
14	13	Ford Romania SA	Romania	Automobiles	2200	2286	-1.36%	33.3	37.8	42
15	14	Naftna Industrija Srbije AD	Serbia	Petroleum/Natural Gas	2131	2250	-5.76%	151.0	221.2	8
16	19	Lidl Discount SRL	Romania	Wholesale/Retail	2065	1698	24.57%	102.8	88.4	14
17	17	Johnson Matthey DOOEL	North Macedonia	Chemicals	1903	1752	8.58%	77.0	97.8	20
18	16	Revoz d.d.	Slovenia	Automobiles	1803	1777	1.46%	24.2	33.6	52
19	25	Holding Slovenske Elektrarne d.o.o.	Slovenia	Electricity	1762	1519	15.99%	60.1	9.5	27
20	24	Dedeman SRL	Romania	Wholesale/Retail	1754	1582	13.65%	268.3	217.2	3
21	23	Carrefour Romania SA	Romania	Wholesale/Retail	1744	1596	11.97%	41.2	56.1	34
22	18	Lukoil-Bulgaria EOOD	Bulgaria	Petroleum/Natural Gas	1698	1704	-0.32%	34.9	0.5	39
23	21	Lukoil Romania SRL	Romania	Petroleum/Natural Gas	1593	1615	1.08%	25.0	14.0	49
24	30	Profi Rom Food SRL	Romania	Wholesale/Retail	1575	1316	22.65%	-7.5	-19.4	90
25	28	Engie Romania SA	Romania	Petroleum/Natural Gas	1515	1357	14.40%	70.2	97.8	24
26	22	Star Assembly SRL	Romania	Automobiles	1511	1614	-4.08%	48.6	56.7	31
27	26	MOL Romania Petroleum Products SRL	Romania	Petroleum/Natural Gas	1486	1446	5.28%	58.0	54.6	28
28	20	Natsionalna Elektricheska Kompania EAD	Bulgaria	Electricity	1441	1650	-12.70%	-0.6	-37.7	86
29	34	Krka d.d.	Slovenia	Pharmaceuticals	1428	1253	14.01%	249.4	163.3	4
30	31	Hrvatska Elektroprivreda d.d.	Croatia	Electricity	1413	1269	11.75%	148.8	47.7	9
31	35	Mega Image SRL	Romania	Wholesale/Retail	1396	1234	15.95%	57.0	54.5	29
32	27	Petrotel - Lukoil SA	Romania	Petroleum/Natural Gas	1257	1409	-8.60%	-14.2	1.1	92
33	36	Liberty Galati SA	Romania	Metals	1254	1219	5.42%	6.0	40.7	75
34	37	Poslovni Sistem Mercator d.d.	Slovenia	Wholesale/Retail	1246	1182	5.42%	-13.8	-10.9	91
35	32	Orange Romania SA	Romania	Telecommunications	1245	1256	1.63%	80.5	41.2	19
36	39	Metro Cash & Carry Romania SRL	Romania	Wholesale/Retail	1231	1147	9.98%	19.5	19.0	58
37	42	Lek d.d.	Slovenia	Pharmaceuticals	1205	1090	10.57%	115.8	116.7	13
38	38	Auchan Romania SA	Romania	Wholesale/Retail	1157	1160	2.18%	5.9	7.5	76
39	40	Romgaz SA	Romania	Petroleum/Natural Gas	1108	1120	1.44%	218.9	291.7	5
40	43	Samsung Electronics Romania SRL	Romania	Electronics	1069	991	10.54%	25.9	19.2	48
41	47	Electrica Furnizare SA	Romania	Electricity	1034	905	17.08%	24.1	30.2	53
42	New	Konzum Plus d.o.o.	Croatia	Wholesale/Retail	1029	0	n/a	-15.4	0.0	93
43	45	Dante International SA	Romania	Wholesale/Retail	1011	914	13.38%	10.4	-9.6	71
44	93	Astra Bioplant EOOD	Bulgaria	Petroleum/Natural Gas	985	611	61.12%	7.2	6.6	73
45	41	Prvo Plinarsko Drustvo d.o.o.	Croatia	Petroleum/Natural Gas	953	1101	-13.17%	26.7	15.1	46
46	52	Renault Commercial Roumanie SRL	Romania	Automobiles	941	880	9.56%	15.8	16.1	63
47	51	RCS & RDS SA	Romania	Telecommunications	931	881	8.38%	72.1	32.8	23
48	75	CFR SA	Romania	Transportation	930	716	33.09%	-5.3	2.2	89
49	53	Saksa OOD	Bulgaria	Petroleum/Natural Gas	912	869	4.95%	11.7	8.1	69
50	50	Delhaize Serbia DOO	Serbia	Wholesale/Retail	910	882	2.74%	44.1	22.6	33

in millions of euro

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51	55	E.ON Energie Romania SA	Romania	Petroleum/Natural Gas	899	853	8.09%	6.1	14.2	74
52	44	Hidroelectrica SA	Romania	Electricity	899	940	-1.94%	290.1	415.8	2
53	66	Fildas Trading SRL	Romania	Wholesale/Retail	898	783	17.59%	28.1	23.4	45
54	58	Gorenje d.o.o.	Slovenia	Electronics	894	839	6.54%	-59.5	-126.8	97
55	57	Vodafone Romania SA	Romania	Telecommunications	890	848	7.59%	33.7	38.1	40
56	79	Tigar Tyres DOO	Serbia	Rubber Products	890	695	27.40%	77.0	41.0	21
57	68	Altex Romania SRL	Romania	Wholesale/Retail	871	773	15.53%	15.8	13.6	64
58	56	Cofco International Romania SRL	Romania	Agriculture	868	851	4.57%	2.7	0.9	82
59	48	Autoliv Romania SRL	Romania	Automobiles	850	895	-2.70%	0.9	34.4	83
60	54	Mediplus Exim SRL	Romania	Wholesale/Retail	849	854	1.81%	3.5	13.0	80
61	60	Kaufland Bulgaria EOOD & Co KD	Bulgaria	Wholesale/Retail	846	803	5.29%	39.1	36.2	37
62	69	JP Srbijagas	Serbia	Petroleum/Natural Gas	834	747	11.09%	40.7	49.3	36
63	70	REWE (Romania) SRL	Romania	Wholesale/Retail	833	744	14.69%	11.5	7.7	70
64	49	Selgros Cash & Carry SRL	Romania	Wholesale/Retail	830	893	-4.82%	17.2	15.7	61
65	59	Hrvatski Telekom d.d.	Croatia	Telecommunications	816	835	-2.02%	96.3	133.6	15
66	63	Ameropa Grains SA	Romania	Agriculture	811	791	5.05%	13.1	7.1	68
67	65	Telekom Srbija AD	Serbia	Telecommunications	810	784	2.74%	29.7	86.3	44
68	61	OMV Slovenija d.o.o.	Slovenia	Petroleum/Natural Gas	803	803	0.07%	24.9	24.0	50
69	78	Lidl Hrvatska d.o.o. k.d.	Croatia	Wholesale/Retail	800	708	13.29%	49.8	45.4	30
70	88	Robert Bosch SRL	Romania	Car Parts	798	661	23.76%	24.7	26.5	51
71	77	Alliance Healthcare Romania SRL	Romania	Wholesale/Retail	795	703	15.84%	16.1	18.1	62
72	62	IMPOL d.o.o.	Slovenia	Metals	784	801	-2.07%	13.2	18.8	67
73	81	Porsche Romania SRL	Romania	Automobiles	775	688	15.50%	36.0	33.0	38
74	74	Crodux Derivati Dva d.o.o.	Croatia	Petroleum/Natural Gas	763	722	6.13%	19.2	15.5	59
75	86	Michelin Romania SA	Romania	Rubber/Rubber Products	734	664	13.29%	23.5	21.2	54
76	73	EPS Distribucija DOO	Serbia	Electricity	732	723	0.64%	-49.1	-20.8	96
77	64	ADM Romania Trading SRL	Romania	Agriculture	724	789	-5.85%	-4.4	-4.5	88
78	85	Bulgargaz EAD	Bulgaria	Petroleum/Natural Gas	718	667	7.74%	17.6	-16.4	60
79	83	Interenergo d.o.o.	Slovenia	Electricity Generation	702	672	4.52%	5.2	-4.2	77
80	80	Hella Romania SRL	Romania	Automobiles	698	692	3.38%	33.5	41.0	41
81	89	Complexul Energetic Oltenia SA	Romania	Electricity	690	641	10.33%	-180.6	-243.0	100
82	97	AETs Kozloduy EAD	Bulgaria	Electricity	683	574	18.95%	166.1	83.6	7
83	71	Mercator-S DOO	Serbia	Wholesale/Retail	680	697	-2.87%	-18.4	-14.1	94
84	84	Nelt Co DOO	Serbia	Transportation	677	671	0.33%	5.1	4.6	78
85	New	Telekom Romania Communications SA	Romania	Telecommunications	672	655	5.11%	-166.3	-26.4	99
86	94	Holdina d.o.o. Sarajevo	Bosnia and Herzegovina	Petroleum/Natural Gas	672	603	11.44%	4.3	1.2	79
87	New	Infrastructure Development and Construction DOO	Serbia	Construction	668	0	Not comparable*	26.3	-0.1	47
88	91	Express Logistic and Distribution EOOD	Bulgaria	Wholesale/Retail	663	627	5.84%	3.3	1.4	81
89	92	Cargill Agricultura SRL	Romania	Agriculture	649	620	7.22%	-0.2	-3.8	85
90	New	Pliva Hrvatska d.o.o.	Croatia	Pharmaceuticals	639	548	16.93%	132.3	15.3	12
91	New	Bingo d.o.o. Tuzla	Bosnia and Herzegovina	Wholesale/Retail	636	569	11.83%	47.8	39.1	32
92	87	Continental Automotive Products SRL	Romania	Rubber/Rubber Products	622	663	-3.86%	67.2	124.7	25
93	New	Oscar Downstream SRL	Romania	Petroleum/Natural Gas	613	566	10.81%	9.6	12.6	72
94	82	Telekom Slovenije d.d.	Slovenia	Telecommunications	612	681	-10.20%	0.6	34.0	84
95	98	Pirelli Tyres Romania SRL	Romania	Rubber/Rubber Products	607	571	8.86%	14.2	19.5	66
96	New	Societatea Nationala de Transport Gaze Naturale Transgaz SA	Romania	Petroleum/Natural Gas	600	492	24.91%	72.9	106.3	22
97	New	Spar Hrvatska d.o.o.	Croatia	Wholesale/Retail	600	565	6.43%	-3.5	-5.5	87
98	New	BA Glass Bulgaria AD	Bulgaria	Glass Products	597	126	372.60%	40.9	19.1	35
99	New	Lidl Bulgaria EOOD and KO KD	Bulgaria	Wholesale/Retail	596	482	23.67%	21.1	14.6	56
100	New	Coca-Cola HBC Romania SRL	Romania	Food/Drinks/Tobacco	593	558	8.79%	82.1	71.4	18

(*) Data for 2018 and 2019 is not comparable because the company was set up in November 2018.

2019: SEE TOP 100 sales growth slows to single digits

By Nevena Krasteva

Companies in Southeast Europe saw their sales rise only marginally in 2019, as weak growth in the European Union, low oil prices and the U.S.- China trade war impacted their bottom lines. These negative factors, however, were offset by consumption-driven economic growth of an average 3.5% and rising personal incomes as the region moved forth towards convergence with the EU. Furthermore, the banking sector remained very liquid and the ratio of non-performing loans (NPLs) continued to fall. Infrastructure across the region continued to improve, strongly supported by EU funds and international lenders.

China remained a major investor in the region with a focus on infrastructure in Serbia and Montenegro, raising concerns about Beijing's growing political influence, unsustainable debt burdens of Western Balkans states, over-reliance on Chinese suppliers instead of local subcontractors, and little regard for environmental issues.

In a step towards closer regional cooperation, at the end of 2019 the leaders of North Macedonia, Albania and Serbia agreed to set up a free trade area in the Western Balkans. At the same time, however, relations between Belgrade and Pristina remained strained over Kosovo's decision to increase to 100% the import tariffs on all goods produced in Serbia and Bosnia.

Against this mixed backdrop, the revenue of the SEE TOP 100 companies hit a new record high of 129.3 billion euro. However, their total turnover was just 2.3% higher than the revenue posted by the entrants in the ranking a year earlier, as compared to increases by 11% and 13% in 2018 and 2017, respectively.

Looking at the profits of the region's heavyweights, the situation looks even grimmer. They dropped to a total of 4.7 billion euro, from 5.7 billion euro booked by the entrants in the ranking a year earlier. In comparison, the previous two years saw increases of 17% and 22%, respectively.

These lacklustre financial results are largely due to weak economic growth in the European Union, the region's main trading partner, and low oil prices on global markets. The impact of these two factors on the overall results of the entrants in the ranking is magnified by the fact that oil and gas companies make up a quarter of all top one hundred companies in the region and generate a third of the group's total revenue. At the same time, the big companies in the region are mostly export-oriented, often foreign-owned, and thus highly sensitive to the health of the European markets.

Car makers switch to lower gear

Shrunken consumption in the EU was especially evident in the results of automotive manufacturers in SEE, whose total profits slumped by 20%.

Automobile Dacia, a unit of France's Renault, retained its lead in the ranking for a sixth year running even though its revenue edged down to 5.21 billion euro from 5.3 billion euro in 2018, despite an increase in production. Dacia manufactured almost 350,000 automobiles in 2019, which is 4.2% more than a year earlier, and sold 736,570 cars worldwide, up by an annual 5.1%. Dacia's profit, however, declined to 139 million euro from 161 million euro.

Like other top performing companies in the region, Dacia benefits from a very well-developed network of local suppliers located in close proximity to its production facilities and synergies with its big international parent. Despite the challenges it faces, Dacia continues to roll out new models and in September 2020 unveiled its first electric car as well as three new models of the Logan, Sandero and Stepway brands.

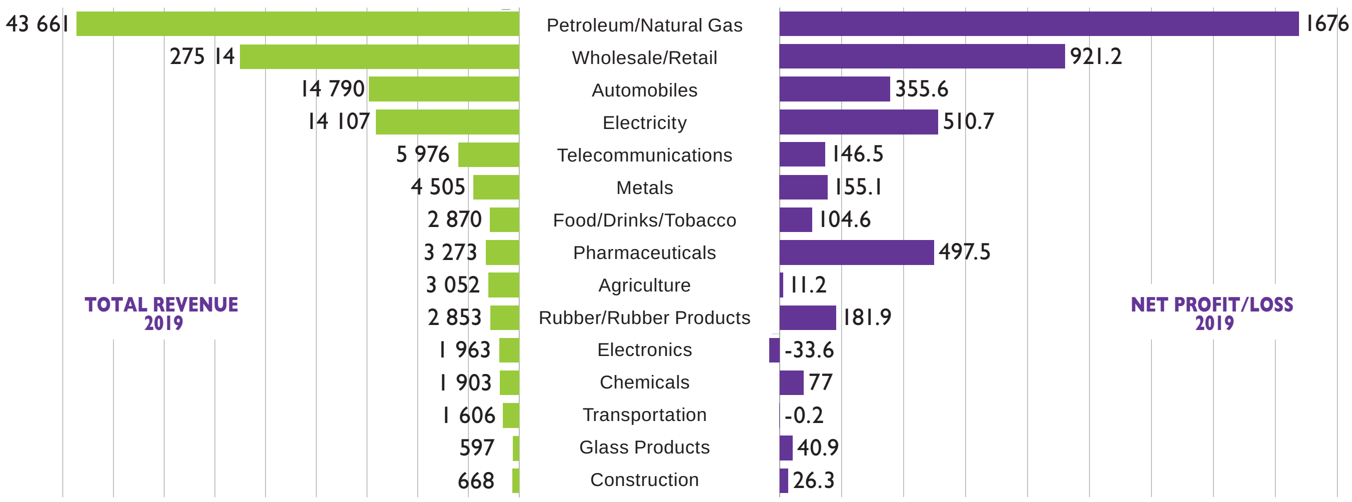
An integrated business model and a focus on cleaner energy solutions are some of the features that Dacia shares with other leaders in the ranking.

"Our integrated business model proves once again its benefits, especially in an expected lower oil price environment. We will continue to pursue our strategy execution, with the aim to supply energy in a sustainable and cleaner manner, with natural gas playing a significant role in the energy transition," says Christina Verchere, CEO of second-ranked OMV Petrom.

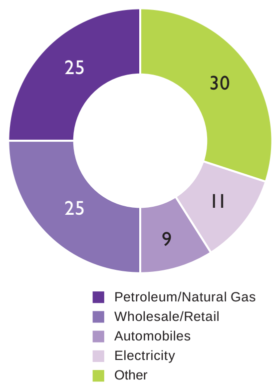
OMV Petrom's turnover increased by 14% to 4.65 billion euro driven by higher sales volumes of natural gas and petroleum products and higher prices for electricity, partially offset by lower selling prices

BREAKDOWN BY INDUSTRY

(in millions of euro)



NUMBER OF COMPANIES



of petroleum products. Even though the company's net profit fell to 746 million euro from 832 million euro, it retained its first place by this indicator. The total hydrocarbon production of Romania's top oil and gas group shrank 5% to 55.35 million barrels of oil equivalent (boe) in 2019, due to lower domestic output. In December 2019, OMV Petrom signed a contract to acquire a stake in Han Asparuh exploration licence in Bulgaria.

Despite a slight increase in turnover to 3.65 billion euro from 3.64 billion euro, Slovenia's Petrol slides to fourth place, from second a year earlier. In response to the energy sector's push towards increased energy efficiency and novel use of existing energy products, the company is prioritising new business lines, including power generation from renewable sources.

Retailers make strong return

For the first time since SeeNews started compiling its ranking of the biggest companies in Southeast Europe, the number of wholesalers and retailers equals that of oil and gas companies, 25. Furthermore, the wholesalers and retailers in the ranking recorded a 13% growth in revenue, to a total of 27.5 billion euro. The sector's strong performance reflects its recovery from the 2017 collapse of Croatia's Agrokor concern and the region's steady consumption-driven economic growth as wages continue to increase. Not surprisingly, the biggest wholesalers and retailers are based in Romania – the top economic performer and largest market in Southeast Europe.

Pharma companies in the spotlight

The dark horse in this year's edition of the SEE TOP 100 ranking is the pharmaceuticals sector.

The three pharmaceutical companies in the ranking surprisingly posted a 15% return on revenue combined, the highest among the sectors.

Croatia's Pliva Hrvatska, part of Teva Group, led the pack in this department with a revenue of 639 million euro and net profit of over 132 million euro, giving it a return on revenue of 21%. As much as 90% of the company's total revenue comes from exports, mostly to the U.S. The rise in revenue reflects higher sales and the one-time effect of the commercialisation of part of the company's development projects, the head of Pliva, Mihael Furjan, has told local media.

Slovenian giants Krka and Lek generated revenues of over 1 billion euro each. Krka boasted a net profit of nearly 250 million euro, or a return on revenue of 17%. Lek followed with a net profit of some 116 million euro and a more modest return on revenue of 10%.

Both companies' performance comes on the back of heavy investments.

The Krka group allocated 112.6 million euro to investments last year, of which 90.5 million euro to the controlling company. For 2020, Krka Group has planned investments of 134 million euro, primarily to be allocated to expanding and modernising production facilities and infrastructure. Dispersed international operations and the vertically integrated business model ensure Krka Group's stable performance despite diverse macroeconomic situations in the markets. Product sales in Southeast Europe totalled 191.3 million euro, a 9% year-on-year increase. Most regional markets contributed to growth, but Bulgaria stood out in absolute and relative terms.

At the end of 2019, Lek, part of Novartis, set up three new packaging lines for blister packs and thus became the largest Novartis production site with a total of 26 lines for packaging solids. The total investment into the site exceeded 10 million euro in 2019. Since 2003, Novartis has invested more than 2.5 billion euro in Slovenia.

Dacia unveils electric car amid pandemic's challenges

By Nicoleta Banila

Christophe Dridi,
Managing Director of Automobile Dacia and Groupe Renault Romania

Despite the coronavirus pandemic, 2020 was a busy year for Automobile Dacia, which in October rolled out its first electric car and three new models of the Logan, Sandero and Stepway brands. Dacia, a unit of France's Groupe Renault, is committed to reducing polluting emissions by expanding both the new vehicle market and the EV infrastructure, Christophe Dridi, managing director of Automobile Dacia and Groupe Renault Romania, told SeeNews.

Orders for the all-new New Dacia Spring Electric will open in spring 2021 with a simple range and commercial offer: a battery included in the purchase price and two trim levels. The electric vehicle will be available in its standard version with two new variants for new mobilities: a vehlicle for shared electric urban mobility, and a cargo utility vehicle for last-mile deliveries with no pollutant emissions.

Dacia also unveiled a new bi-fuel petrol and LPG TCe 100 ECO-G engine, in order to offer a simple and economical range with improved consumption and CO2 emission levels. The new engine will be fitted into the existing Dacia passenger car models Duster, Sandero, Sandero Stepway, Logan and Logan MCV.

"Despite the pandemic, this end of September was marked by the announcement of the simultaneous renewal of three of our iconic models: the third generation of Logan, Sandero and Sandero Stepway with a new design and new technologies. This represents a great achievement for our teams of which we are very proud," Dridi commented for this edition of SEE TOP 100.

Like most automotive manufacturers, Dacia too saw its operations affected by the pandemic. The company had to close for a month its Mioveni plant where 14,761 work.

In September, however, Dacia posted the biggest increase in European sales among Renault's brands, according to data from the European Automobile Manufacturers' Association, ACEA. Dacia's sales in the EU jumped by 35% to 37,789 units in September, increasing its market share to 4.0% from 3.1% in a year earlier.

According to Dridi, Dacia's popularity lies in the way it has revolutionised the automobile market by democratising the car.

"With a new purchase price comparable to the one of a second-hand car, it was so successful that it was marketed throughout Europe from 2005. Dacia became the benchmark for a new way of consuming cars, offering the essentials of tomorrow with 6.4 million vehicles sold in the world since 2005," he commented.

Since 2000, Groupe Renault has invested over 3 billion euro ($3.51 billion) in Romania for the development of new products such as cars, engines and gearboxes, as well as in manufacturing process improvements. The carmaker improved working conditions and quality, boosted

In October, Automobile Dacia unveiled its first electric car that will be available in its standard version with two new variants: a car for shared electric urban mobility, and a cargo utility vehicle for last-mile deliveries.

automation, optimised costs and integrated new technologies at its Mioveni plant in Arges county, Dridi noted.

"The automotive industry is very important for Romania, it represents 14% of GDP and 26% of exports. It is a big part of the Romanian economy, a treasure. We operate in a competitive industry which evolves extremely rapidly. This sensible context due to the sanitary crisis and these challenges motivate us to prepare every day our future, by adapting to the new normal, being agile," he added.

In September, Dridi became head of Romanian Automobile Manufacturers Association (ACAROM), which brings together companies with a combined turnover of over 14 billion euro, employng over 113,000 people. Some 21% of Romania's total exports are produced by ACAROM-member companies.

One of Dacia's key priorities, in line with ACAROM's agenda, is local integration.

In order to have a competitive automotive industry, it is essential to have suppliers nearby

"In order to have a strong, competitive automotive industry, it is essential to have suppliers nearby to develop synchronisation and transversal skills," Dridi stressed.

Another key factor that is vital for the development of the automotive sector and the economy in general is infrastructure, he pointed out.

"Road links such as the Pitesti-Sibiu highway, which would offer easier access to Western markets, are very important, as is railway and maritime infrastructure."

The list of top priorities also features improving education in traditional jobs such as stamping, welding and toolmaking, as well as in modern technologies used in the software, automation, digitisation, electric vehicles and connectivity industries.

Dacia leads the SEE TOP 100 annual ranking for a sixth year running after booking 24.67 billion lei in turnover. Its production rose 4.2% to almost 350,000 automobiles in 2019.

"Our large group community, the 17,400 colleagues [which Groupe Renault employs in Romania], join me for this result obtained for the sixth consecutive year. Success is always collective," Dridi said.

SEE needs to strengthen governance, foster innovation and invest in green economy

By Nevena Krasteva

Regional output collapsed in the first half of 2020, as growing domestic outbreaks and pandemic-related restrictions caused domestic demand to plummet, exacerbated supply disruptions, and halted manufacturing and services activity, the World Bank says in its latest economic update. The economies hardest hit were those with strong trade or value chain linkages to the euro area or Russia and those heavily dependent on tourism or energy and metals exports.

Gallina Vincelette,
World Bank Country Director for the EU

The economies in Southeast Europe (SEE) were not affected by the COVID-19 pandemic as much as other countries but a drastic drop in consumer spending, a deep recession in their main trading partners and supply chain disruptions continue to weigh heavily on growth. What are your expectations for the region's economic development in 2021 and what are the main factors that will influence its recovery?

Profound uncertainties surrounding the pace of economic recovery remain. After a sharp recession in 2020, we expect growth to rebound in 2021 according to our latest regional economic update. This will be supported by external and pent-up demand from key trading partners. Large stimulus packages, including EU funds received under the multiannual budget funds 2021-2027, and the recently approved EU economic recovery plan will provide further support to countries in the region. Nevertheless, output levels are not expected to reach pre-crisis levels until 2022 and in some cases maybe even later.

The economic outlook is dependent on several factors that remain uncertain. How the COVID-19 pandemic evolves, the availability and distribution of an effective vaccine, public behavior, the return of business confidence as well as the degree of improvement in trade and investment, to name a few.

A proactive fiscal and monetary response to COVID-19 throughout the region encouraged firms to retain employees, supported household incomes and helped avoid mass closure of otherwise viable firms. However, even as many governments have introduced measures to protect jobs, employees have had to step back from work resulting in declines in incomes and hours worked – even though employment remains stable. Job losses occurring in manufacturing, tourism and trade sectors are affecting vulnerable groups disproportionately. Our EU report called Restarting Resilience highlights that even as societies have reopened, at least one in eight households may continue to face income losses and that one in five women is likely to have greater difficulty returning to work compared to one in ten men.

Countries in the region must set the basis of a post-pandemic resilient recovery by continuing to strengthen governance, improving the regulatory environment, fostering innovation and digital development, and investing in the green economy. Moreover, sustained investment in quality education and health care are especially critical.

Where do you see SEE's strategic advantages in terms of economic development in the post-COVID-19 world and what are the most pressing issues the countries in the region should tackle to make the best use of them?

While economic activity will remain subdued until health risks abate, the magnitude of the COVID-19 impact on the economies in Southeast Europe will depend on three factors: their own economic resilience, a repeat of prolonged lockdowns, and the effectiveness of government support measures to households and businesses. The scale of the economic contraction expected in the region in 2020 highlights the importance of strengthening the resilience of these economies. Key policies that increase the ability of an economy to absorb and recover from shocks include rule of law and strong institutions, transparency, fairness and equity in sharing the burden.

The use of support to firms across many countries in Europe has clearly helped alleviate pressure for those in employment during the early stages of the pandemic. We've produced some quick assessments on how firms and households in select European countries have been reacting to the evolving situation. To cope with the crisis, we've seen that firms have been electing to reduce hours or wages instead of firing workers outright. As a result, 3–5% of employed workers in Poland, Bulgaria, Slovakia, Finland, the Czech Republic applied for short-time work or furlough schemes. We've also seen that micro and small firms are the worst hit. Many have had to close-up shop in the depths of the crisis due to significant slowdowns in sales.

One in eight households may face income losses and one in five women is likely to have greater difficulty returning to work

Sustained investment in quality education and health care are critical

Reduce hiring costs for firms, ease transition from temporary to permanent contracts

Poor governance and institutional quality can affect firms' capacity to invest and grow

The ability of an economy to recover from shocks depends on rule of law, transparency and equity in sharing the burden

On employment, it's clear that the effects of the crisis are not hitting workers in equal measure. Those earning lower wages suffered hard at the depth of the crisis. Across Romania, Poland, Croatia and Bulgaria we see that during the lockdowns in May, approximately 25-30% of lower wage workers had stopped working compared to about 10% of higher wage workers. While employment patterns somewhat normalised by late July, workers with limited contractual protections - women, younger and lower-wage workers continue to be more likely to be out of work. They have also suffered prolonged income losses despite expansive government programs in some countries.

The COVID-19 pandemic has prompted a number of global companies to consider shortening their supply chains and relocating production currently in Asia. What steps should countries in SEE take to lure these potential investments?

A significant shortening of global supply chains as a result of the COVID-19 crisis is not a forgone conclusion. Production costs will continue to be the decisive question on where businesses choose to locate, and it is on this issue that government policies can be most effective. Measures that contribute to reducing domestic production costs relative to competitors are crucial. For example, incentivising technology adoption, including automation and AI (Artificial Intelligence) could play an important role. Our upcoming report, Europe 4.0, will look at the region's potential for leadership in the digital arena.

Lower trade costs, including transport and tariffs in both domestic and reciprocal markets, can also ensure fair access to components for finished goods. A regulatory environment that protects investors and contracts is important in this respect. In a globalised world, it's critical that complex supply chains that span multiple borders can operate smoothly and at a sustainable cost.

What, in your opinion, is the best course of action for the economies in the region, most of which are heavily reliant on coal, in respect to the Green Deal?

Coal-dependent economies are aware that they need to phase out loss-making production and reap the benefits of clean energy. In addition to bearing the fiscal implications, countries are facing additional pressures because of the environmental and health implications of coal. The World Bank is advising countries on solutions for decarbonisation that are economically viable, tailored to their unique needs, and reflect the latest policy, financial and technological innovations. From 2015 to 2019, more than 90% of the World Bank's global lending in power generation went to renewables.

The European Green Deal presents an opportunity to decarbonise EU economies while also ensuring competitiveness is a top priority.

In terms of action, there are four priority areas to ensure countries can make effective low-carbon transitions: 1) supporting those communities where the direct and indirect impacts of the transition will be felt most; 2) speeding up access to available financing to accelerate shifts towards low-carbon sectors; 3) phasing out coal subsidies and redirecting finances towards green energy production; 4) removing investment barriers to sectors such as renewables, energy efficiency and e-mobility.

The COVID-19 pandemic and the massive shift to work from home which it introduced offers an opportunity for the countries in the region to reverse the brain drain of recent years, as factors other than wage size come to the fore. What major deficiencies in their business environment should the countries in the region tackle to bring back talent?

Many factors affect people's decision to migrate. Among these, a major driver continues to be the large wage differentials between Western and Southeastern European countries, especially for workers with tertiary education. Currently, a young graduate from Bulgaria or Romania can expect to earn almost eight times more by working in Denmark, and over six times more in Austria or the Netherlands. These large differentials will continue to be a strong pull factor for many years to come. However, there are other issues that can affect an individual's decision to move. Some of these can be addressed by the governments in SEE to retain talented or skilled workers. This includes improving working conditions, creating opportunities for career progression, upskilling and cultivating quality public services.

To reduce outward migration, countries in Southeast Europe will need to create better labour conditions for workers. First, ensure that employment protection legislation does not discourage job creation and entry into the labor market. Flexible markets can also facilitate job hires or upgrades, reducing the desire to emigrate. Second, reduce hiring costs for firms. This could be done by providing incentives for employers when they hire specialist and non-specialist workers. Third, easing the transition from temporary to permanent contracts in the early stages of an individual's career. Improving job conditions and security can particularly benefit the young as they are more likely to migrate. Finally, address challenges in governance, quality of institutions and corruption. Poor governance and institutional quality can affect both entrepreneurship decisions and firms' capacity to invest and grow, undermining the business environment, especially in lagging regions. These "push" factors can all impact a decision to emigrate, especially for the high-skilled.

A significant shortening of global supply chains is not a forgone conclusion. Production costs will continue to be the decisive question on where businesses choose to locate

Romania's Hidroelectrica leads most profitable chart

by Dragana Petrushevska

Romanian state-run hydro power producer Hidroelectrica claimed the top spot in the ranking of the most profitable companies among the SEE TOP 100 entrants for 2019, up three places from a year earlier. Hidroelectrica's return on revenue stood at 32.27%, down from 44.26% a year earlier. Its performance was largely affected by the reintroduction of a regulated energy market in Romania in early 2019, which made it sell more electricity at a lower price.

Hidroelectrica is 80.06% owned by the Romanian state, as investment fund Fondul Proprietatea owns 19.94%. The planned initial public offering (IPO) of a 10-15% stake in the company is expected to be the biggest in Romania's history, seen fetching up to 1 billion euro. The company has in its portfolio 209 hydro power plants with a total installed capacity of 6,482 MW. Hidroelectrica has an ambitious 26.04 billion lei investment programme until 2037 featuring plans for new power generation facilities on wind, solar and biomass.

The second place in the ranking was taken by another energy company, Bulgarian nuclear power plant operator AETs Kozloduy, which increased its return on revenue to 24.32% in 2019 from 14.57% in the prior year. In 2019, the plant generated 16,315,212 MWh of electricity, its highest annual production since 2011.

Croatian drug maker Pliva Hrvatska, a new entrant in the SEE TOP 100 ranking, took the third place with a 20% return on profit.

The biggest money-makers ranking was dominated by Romanian companies for yet another year, as they took more than half of the top ten places.

A state-controlled Romanian energy company led the money-losing chart, as well.

MOST PROFITABLE COMPANIES

No	SEE TOP 100 No	Company name	Country	Industry	Return on revenue 2019	Return on revenue 2018
1	52	Hidroelectrica SA	Romania	Electricity	32.27%	44.26%
2	82	AETs Kozloduy EAD	Bulgaria	Electricity	24.32%	14.57%
3	90	Pliva Hrvatska d.o.o.	Croatia	Pharmaceuticals	20.70%	2.80%
4	39	Romgaz SA	Romania	Petroleum/Natural Gas	19.75%	26.05%
5	29	Krka d.d.	Slovenia	Pharmaceuticals	17.46%	13.04%
6	2	OMV Petrom SA	Romania	Petroleum/Natural Gas	16.03%	19.83%
7	20	Dedeman SRL	Romania	Wholesale/Retail	15.30%	13.73%
8	100	Coca-Cola HBC Romania SRL	Romania	Food/Drinks/Tobacco	13.84%	12.79%
9	96	Societatea Nationala de Transport Gaze Naturale Transgaz SA	Romania	Petroleum/Natural Gas	12.14%	21.58%
10	65	Hrvatski Telekom d.d.	Croatia	Telecommunications	11.81%	15.99%

MONEY LOSERS

No	SEE TOP 100 No	Company name	Country	Industry	Net loss 2019	Net profit/loss 2018
1	81	Complexul Energetic Oltenia SA	Romania	Electricity	-180.6	-243.0
2	85	Telekom Romania Communications SA	Romania	Telecommunications	-166.3	-26.4
3	6	Rompetrol Rafinare SA	Romania	Petroleum/Natural Gas	-73.8	-49.4
4	54	Gorenje d.o.o.	Slovenia	Electronics	-59.5	-126.8
5	76	EPS Distribucija DOO	Serbia	Electricity	-49.1	-20.8
6	5	Lukoil Neftochim Burgas AD	Bulgaria	Petroleum/Natural Gas	-41.1	-130.0
7	83	Mercator-S DOO	Serbia	Wholesale/Retail	-18.4	-14.1
8	42	Konzum Plus d.o.o.	Croatia	Wholesale/Retail	-15.4	0.0
9	32	Petrotel - Lukoil SA	Romania	Petroleum/Natural Gas	-14.2	1.1
10	34	Poslovni Sistem Mercator d.d.	Slovenia	Wholesale/Retail	-13.8	-10.9

The lignite-based electricity producer Complexul Energetic Oltenia (CE Oltenia) held the first position in the ranking for a second year in a row, despite cutting its net loss to 180.6 million euro from 243 million euro booked in 2018. Earlier in 2020, the European Commission approved Romania's plans to grant a 251 million euro loan to CE Oltenia to meet its liquidity needs and mitigate the risk of insolvency. CE Oltenia has 3.2 gigawatt of capacity and generates close to 25% of electricity in Romania. Romania's economy ministry holds a 77.17% stake in CE Oltenia, blue-chip investment fund Fondul Proprietatea owns 21.54% and Electrocentrale Grup holds the remainder.

Telekom Romania Communications, another new entrant in the ranking, came in second with a net loss of 166.3 million euro. Impairment losses on technical equipment and machinery, as well as lower customer numbers, affected the company's balance sheet in 2019.

Rompetrol Rafinare climbed one spot in the ranking to the third place after its net loss widened to 73.8 million euro from 49.4 million euro. The company attributed its negative financial result in 2019 to fluctuations of the refining margin, a depreciation of the Romanian leu against the U.S. dollar and a volatility of quotations on the international market of raw materials and finished petroleum products.

METHODOLOGY

Most profitable companies is a ranking of the top ten companies with the highest return on revenue in SEE TOP 100. Return on revenue is calculated as net profit divided by total revenue, both in euro terms. To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2019 and 2018, respectively. Money losers is a ranking of the ten companies with the most significant losses in SEE TOP 100. To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2019 and 2018, respectively.

W. Balkans should facilitate traffic of goods across borders,skill up SMEs workforce

By Nevena Krasteva

Zsuzsanna Hargitai,
EBRD Regional Director Western Balkans

Does the EBRD plan to increase its engagement in the Western Balkans in 2020 and 2021 in response to the coronavirus crisis and what priority areas will the bank support?

Since March 2020 EBRD has already been delivering finance and advice under our crisis response package across the Western Balkans. The increase in our SME financing through commercial banks and leasing companies, working also in tandem with public guarantee schemes when such have been launched and available, has been substantial - close to 60% of our overall new financing in 2020! Credit lines, risk-sharing and trade finance have all been playing an important role. Financing has been accompanied with enhanced advisory support to SMEs, with particular focus on liquidity and human resources management during crisis times.

EBRD has also come up with a new type of financing: emergency liquidity loan for vital infrastructure services impacted by Covid-19 lockdown and related measures. EPCG, the Montenegrin power utility and Kosovo (municipal utilities, Kosovo Telekom) have been beneficiaries of such support and more such exceptional loans are being prepared for other countries and infrastructure companies. At the same time, we have been trying our best to support our existing corporate clients and to ensure that on-going public sector infrastructure investments do not suffer delay and that new ones are prepared and ready for financing and implementation, like the Nis-Merdare section of the Peace Highway between Serbia and Kosovo. To date we have signed over 830 million euro in new financial commitment and expect to reach 1.5 billion euro by year end.

We are hopeful that 2021 will be the year of recovery and growth also in the countries of the Western Balkans and we'll be working under the motto 'Build Back Better'. We'll have three priorities. First, we'll support private enterprises to recover, grow, innovate and be more resilient to shocks - through digitalisation, becoming exporters or be part of European supply chains and better manage human resources to have a diverse, well-skilled labour force. In essence, this will be an SME Reboot programme.

Second, we'll go berserk about 'green'! You'll observe a renewed EBRD zeal to get investments and measures implemented under the Green & Smart City Action Plans, prepared or adopted already for nine cities in the region – and more Green Cities will spring up. We also believe it is high time to clean up the Western Balkans of solid waste and introduce new regulations, operational management and step up investment in solid waste management. In 2021 EBRD will 'send an ultimatum' to coal, perhaps the largest contributor to air pollution today in the Western Balkans and the most expensive fuel in the coming 5-10 years for power generation as EU carbon tax on border will be introduced. There is significantly higher private investors' interest in renewable energy in the Western Balkans – solar, wind or in district heating – than the countries can harness today. We'll work with governments and private investors to turn interest into investments. We'll support gas interconnection projects, with gas being a transition fuel in decarbonisation, and the related infrastructure potentially serving hydrogen transportation in a longer term.

Last but not least, in our continued financing of transport infrastructure, including roads, we'll weave in electrification of transport. Our third priority, as we enter the first year of the new EBRD strategy, will be financing and advising on digitalisation as well as advanced technologies, whether by private enterprises or in the public sector.

Let me add that overall, we'd like to promote more private sector involvement in developing and operating public infrastructure and mobilise commercial financing, taking also into account the sovereign debt constraints many Western Balkan countries face due to the economic impact of the corona pandemic.

Let me also remark that 2021 will be the first year of delivery under the EU Economic & Investment Package for the Western Balkans, where EBRD will be fully engaged with financing and will push-assist with accelerated implementation of the flagship projects.

How well positioned are the Western Balkans to attract global manufacturers considering shorter supply chains?

The Western Balkans is the closest potential supplier base for companies in the European Union and the region's connectivity with EU markets is steadily improving. The EBRD as well as the EU's Economic & Investment Plan for the Western Balkans prioritises infrastructure – road, rail, port, energy, digital – connectivity investments for major further tangible results to be achieved by 2025. Regional co-operation or, to be more precise, actions and measures need to be developed and implemented to facilitate border crossing for goods. The 'green lanes', introduced earlier this year due to Covid, are here to stay! A major improvement.

However, what is equally important to develop the 'near-shoring potential' of our region is the quality of goods and services that are produced by locally owned SMEs. There is a great number of excellent SMEs still hidden from the eyes of customers and need market information and networking opportunities. Nonetheless, there is still much to do to improve standards and to invest in skilling up workforce and in equipment to reach standards required by integrators or final customers.

Finally, there is the issue of business conditions, also important to attract foreign direct investment. The conditions are improving and in many Western Balkan countries new foreign investors are welcomed with substantial support. However, the pace of further improvement must be accelerated and the focus should equally be on new regulations and the implementation of legislative measures or regulations and enhancing the enforceability of contracts. Just for the last three months EBRD has held zoominars with business associations from France, Poland, China, Italy, Turkey, promoting the Western Balkans as an investment destination and as a supplier base. There is good interest and an increasing level of knowledge about our region. EBRD, also in co-operation with the Western Balkans Chambers of Commerce will continue such events on knowledge-sharing and business match-making.

A year ago the EBRD said it plans to increase financing for large-scale wind and solar projects in the Western Balkans. Are these plans still on the Bank's agenda and what is the estimated amount of financing the Bank is ready to provide?

Let me start with an example: EBRD provided policy advice to the Government of Albania on capacity auction for the Karavasta solar plant – with excellent results. The lowest price in Europe offered by an excellent private investor! This demonstrated that with the right policy framework, implemented consistently, renewable energy investments do not need any more feed-in tariff or other support. We'll continue such advisory services in Albania, start in Serbia and invest with private investors in Montenegro. The trend is very promising and we hope to co-finance such investment increasingly with commercial banks.

EBRD argues for support, including through EU grants, for the upgrade of the transmission grid and the roll out of smart metering as well as regulatory changes to take into account the emergence of 'prosumers', companies both consuming and producing – from renewable sources – electricity. In the district heating sector, we are already preparing feasibility studies to introduce solar energy and heat pumps, combined with use of gas and abandoning fuel oil and coal, and it seems that there is strong interest in municipalities to implement such investments through PPPs. As renewable heat and power generation will predominantly come from private investments and the policy-regulatory framework is evolving in our region, it is difficult to give an estimate of total investments or EBRD's share in it. Overall, we expect our green financing in the region to be around 600-700 million euro per year.

What do you see as the key challenges to improving investor confidence in the renewables sector in the region?

The policy framework and a level playing field are key. A firm commitment by governments to increasing renewable energy generation, partnership with private sector investors and publicly owned energy utilities in defining and developing the policy framework are the primary enablers. Further development of the regional energy market with power exchanges also linked to the European Union is another important direction to go. EBRD is here to assist with advice and financing.

The U.S government recently announced it will be stepping up its commitment in some of the countries in the region. Would the Bank be interested in working together with the DFC?

In fact, we have already confirmed our interest to our DFC colleagues to work together. In the coming weeks-months, we'll be exploring the scope for joint or parallel financing for private investments, including in energy and ICT sectors, as well as for schemes enabling SMEs to get wider access to financing.

We need to play smart, put focus on digital economy

By Nevena Krasteva

Nina Angelovska was the finance minister of North Macedonia from August 2019 until August 2020. She co-founded and was heading the first deal platform and leading e-commerce company in North Macedonia, Grouper.mk, launched in 2011.

Nina Angelovska, Former finance minister of North Macedonia

Since March, North Macedonia has announced four support packages for people and businesses affected by the Covid pandemic exceeding 1 billion euro in total. Has the focus of the government's support shifted since the onset of the crisis?

Our response was swift, time-bound, and with clear goals and expected outcomes of each of the measures tailored to the nature of our small and open economy. This is a global crisis with an unknown trajectory and each country acts locally given its fiscal space and resources - trying to adjust its sails as we cannot change or predict the wind.

During my mandate we introduced three sets of measures that included tax deferrals, wage subsidies to protect the jobs and liquidity, interest-free loans for MSMEs, financial support to the affected and most vulnerable groups of citizens to stimulate private consumption, financial support for investments to increase competitiveness and productivity, and some other soft measures. Recently, the new government adopted a fourth set of measures, most of which include extensions and replication of the previously implemented measures with certain adjustments.

The first package was designed for the most affected sectors - transport, tourism and catering, and other companies affected by the restrictive measures that the government has introduced to contain the spread of the virus. The second set of measures was broader, aiming to protect jobs and safeguard the liquidity of all companies that booked more than 30% drop in revenues. The third set was designed for the rebound/recovery phase aiming to stimulate faster recovery as we began to remove the strict social restriction measures and economic activity started to rebound. In this set, we had measures grouped in two key pillars - the first one being financial assistance to targeted groups of citizens to stimulate private consumption of domestic products and services at affected sectors and the second one being financial assistance to the private sector to increase the competitiveness, stimulate investments and faster adaptation and transformation towards new technologies. The third set of measures worth over 300 million euro also included measures that are yet to be implemented in the fourth quarter, such as the Partial Credit Guarantee Scheme, the new interest free credit line for MSMEs with 30% grant component, etc. With the measure for wage subsidies that was part of the second package, we managed to help over 20,000 companies pay their wage bills for over 130,000 employees.

With the measures from the third set aimed at stimulating private consumption to soften the decrease of GDP we introduced travel vouchers for over 120,000 citizens, domestic payment cards for over 300,000 citizens and IT vouchers for young people to increase their skills and employability.

When designing the measures we paid attention not only to “the WHAT” but also to “the WHY” and “the HOW”. For instance, the domestic payment card was designed to enable people to purchase domestic products and services in the affected sectors. In addition, with this measure, we expect to speed up the transition towards a cashless society - more cashless payments, a shift in habits, more merchants with POS terminals.

Like other economies worldwide, North Macedonia may now consider a shift from emergency measures to a fully-fledged mid-term recovery plan, designed to kickstart activity as well as to reposition the economy in the global context to factor-in the lasting impact of the pandemic. Importantly, any ambitious plan should remain flexible, as the health situation remains uncertain.

By the end of June, North Macedonia's public debt was equivalent to 59.5% of the projected GDP, while budget deficit had swelled to 26 billion denars from 7 billion denars in the same period a year earlier. How would you comment on the risks posed by rising public debt levels and the widening budget gap?

The government has appropriately factored-in its fiscal space and debt trajectory when designing its response to the crisis: we prioritised emergency reforms and opted for a phased approach with the release of each of the four packages.

In April we made cuts and reallocations in the budget in the amount of around 100 million euro to create space for swift implementation of the initially introduced measures. With the Supplementary Budget adopted in mid-May the revenues were corrected downwards by 11.5% while the expenditures were left almost the same (+1%), thus widening the deficit to 6.8% of the revised GDP that projected contraction of the economy by-3.4%. The three sets of economic measures were built in this supplementary budget and appropriate financing was secured for 2020 including the repayment of maturing debt of over 680 million euro (around 440 million euro external debt) and leaving a certain fiscal space for potential additional shock or repayment of loans for 2021 - with the Eurobond issuance, the IMF rapid instrument, the EU macro financial assistance loan and a few other smaller loans from the IFIs. Taking this into account, the projections for end 2020 yielded a public debt of 59.5% of GDP.

With the second Supplementary Budget that is yet to be adopted by the Parliament there has been an additional widening of the deficit to 8.4%, as a result of the increased expenditures while the revenues are kept the same.

Now, as the government has published a new revision of GDP projecting a 4.4% slowdown in 2020, the public debt has reached 60% and with the additional projected domestic borrowings to cover the increased expenditures the public debt is expected to reach over 60% in 2020.

In the past few years North Macedonia has practiced prudent public debt management and has made significant progress towards consolidation and stabilisation of the public debt allowing for certain buffers. However, COVID-19 crisis hit just when we were in a good position to build these fiscal buffers in “good times” and have more space for “bad times”, leaving us with limited fiscal space for maneuver. Unfortunately, the consolidation was interrupted and we will have to get back on track very quickly in 2021.

Given the nature of the crisis, the increase in public debt that acts as a shock-absorber is justified. However once the crisis is over and the recovery sets in, keeping the high-levels of public debt over medium-term is a great source of vulnerability. Therefore, we need to play smart, achieve the maximal effects with limited resources on short-term but also use wisely this period to restructure our economy and put the focus on the digital economy as one of the key drivers for a stronger post-Covid economy.

According to the latest estimates of North Macedonia's finance ministry, the country's GDP is expected to fall by 3.4% in 2020 and bounce back to 4.8% growth in 2021. What do you see as the main growth drivers and where do you see the biggest risks to economic growth?

The new IMF projections for North Macedonia estimate contraction by 5.4% in 2020 and rebound in 2021 with 5.5% growth, while the new projections of the government just recently published estimate fall by 4.4% in 2020. Depending on the developments, the second wave and the effects of the upcoming measures I believe North Macedonia stands a good chance to end the year with a slowdown of below 4% and bounce back in 2021 to over 5%.

North Macedonia marked two key milestones this year that are expected to foster the economic growth in the upcoming years. For many years our country has been committed to its European accession process as well its integration in the North Atlantic Alliance. In March we became the 30th member of NATO and the EU gave its formal approval to begin accession talks. The strong commitment to stay and to accelerate the path of the reforms, along with the benefits of its integration create a solid base for boosting the long-term growth of the economy.

However, the crisis has revealed pre-existing weaknesses of our societies, ranging from readiness for the digital economy to applying digital solutions quickly. Many people say that nothing will be the same after Covid. There is no better time to digitise nations and embrace technology than today. As much as I like to believe that many things will change for good, people and systems have the natural tendency to return to the usual and safe routine very quickly. This so-called “new normal” life we live today has not become the new comfort zone for the majority of nations. The adaptation curve is steeper than pre-covid in terms of people learning to do things differently but still we are not nearly exploiting the opportunity. And it is so because we were not ready and countries and systems are slow in changing and adapting.

The main driver for economic growth for our small and open economy I believe are tech and digitalisation. Without digitalisation of our nation and increasing the digital skills, we are risking to lag behind and miss the opportunity to grow faster. For instance, we have great unlocked potential in agriculture and tourism and only the synergy of these with technology can boost growth. Furthermore, increasing the share of added value products in exports can make a difference. Finally, North Macedonia should put FDI attraction at the forefront of its economic priorities. The government could capitalise on its business-friendly environment to boost investments and FDI and increase the share of higher value-added products in exports to make a difference.

It is instrumental to make the necessary efforts to increase the competitiveness of our economy and leapfrog into an innovative and smart country. Of course this is not easy, but is not infeasible if there is a unified vision, strong commitment and hard work.

I think the biggest risk to how things will turn out lies in how things will develop with the pandemic, what kind of measures will be imposed, if there will be restrictions and lockdowns, etc. And of course there are other risks associated with people, political will and commitment.

E-commerce can be a great driver for growth

What should the government of North Macedonia do to make the country more attractive to foreign investors?

Indeed, COVID-19 brought a great challenge but also a great opportunity for new business models and urged many traditional businesses to change and adapt to survive. Some businesses will die, some will adapt and transform and become more competitive after Covid. This transformation and adaptation cannot be done without the implementation of new digital tools and technology. Speaking about SEE, e-commerce can be a great driver for growth as it opens new markets, new potential customers for local businesses. If we take a look at e-commerce globally during Covid, over the past six months, some markets have accelerated to the level forecast for 2022-2023. However, I think this region did not manage to exploit the opportunity due to the pre-existing weaknesses that I mentioned, in particular the low digital skills.

The lack of standardisation and different regulation, rules and procedures is one of the challenges for MSMEs to expand in other markets in the region. If a company launches and can easily, hassle-free, without an administrative burden and complexity expand to other neighboring countries, the whole region will enjoy the benefits and be able to unlock the potential the digital economy holds, especially for small countries.

Regarding attracting more foreign investors, North Macedonia has the potential to be “a star” in the region, taking into account we are ranked the highest at the Doing Business Index, the location, the subsidies we offer, the tax policy and much more. We should strive to further strengthen our business environment and design a competitive FDI-attraction policy to preserve our competitiveness. However, as cheap workforce used to be one of the “selling-propositions” for foreign investors, and nowadays the demand for “skilled” over “cheap” prevails, the government has been putting more and more focus and investment into requalification and up-skilling, hence making the country more desirable for foreign investors.

Recovery in SEE to regain momentum by spring 2021 after current virus disruption; Next Generation EU funds to boost regional growth potential

Levon Kameryan,
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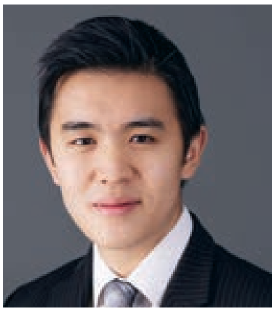

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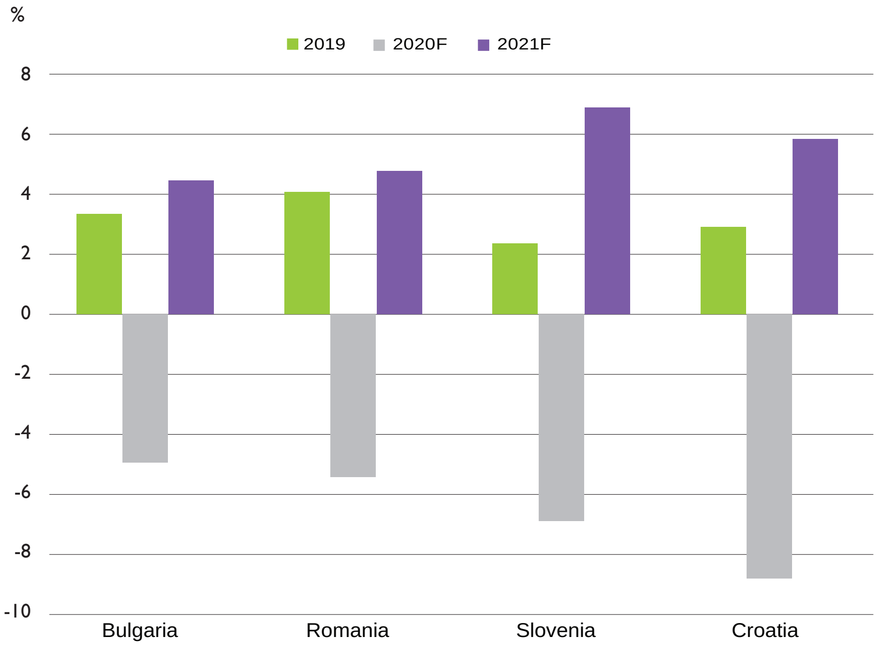
Southeast Europe faces some economically difficult months ahead with the renewed spread of coronavirus after the region's economies rebounded mid-year from the initial pandemic shock. In line with economic developments in western Europe, the SEE economies benefitted from the lifting of lockdowns and travel restrictions, which released significant pent-up demand for businesses such as restaurants, bars and retail stores in the summer. The strength of the rebound is now being tested by rising daily coronavirus cases and deaths, running above the peaks recorded earlier in the year in the cases of Bulgaria, Romania and Albania. Governments' re-imposition of restrictions on people's day-to-day lives is slowing the recovery down, if not placing recoveries in reverse. SEE economic recoveries should regain momentum, however, by the early spring of 2021 with the passing of the acute phase of new Covid-19 cases over the winter and as societies growingly adapt to co-existence with the coronavirus, helped by better medical treatment and more efficient coronavirus-containment measures. The speed and scale of the recovery hinges on several factors: how quickly governments address pandemic-related disruptions, the structures and industry concentrations of individual economies, the size and effectiveness of domestic and EU stimulus, the speed of the recovery among SEE's western European trading partners, and investor sentiment.

Scope Ratings currently covers and rates the four EU member states of SEE: Bulgaria, Romania, Croatia and Slovenia. The recession these four countries face this year will be somewhat less severe than we anticipated three months ago, even recognising the loss of economic momentum this quarter. We revised up 2020 GDP forecasts for the four economies on milder second-quarter economic contractions and better-than-expected third-quarter turnarounds. In the rest of SEE, recessions will vary in severity this year. We expect a fairly shallow contraction in Serbia but larger ones in Montenegro, Kosovo and Albania. Looking further ahead, economic output in SEE on average will return to 2019 levels only by the first half of 2022, despite sturdy rebounds across the region in 2021. Lingering uncertainty over the duration and severity of the pandemic and its economic impact in SEE and in the rest of Europe are downside risks to the growth outlook in the fourth quarter and beyond. However, the recently agreed 2021-27 EU budget, including the recovery fund of 750 billion euro, represents a significant opportunity for all EU member states to undertake much-needed infrastructure investment and enhance economic growth in the medium term.

REAL GDP GROWTH 2019-21 FOR SEE SOVEREIGNS RATED BY SCOPE



Source: national statistical offices, Scope Ratings GmbH forecasts

EU recovery funds – significant opportunity to raise much-needed investment in SEE

SEE's EU member states are some of the largest beneficiaries of EU structural and investment funds relative to their economic size. Financial allocations through these funds represent about 2.5% of yearly GDP on average under the existing 2014-20 budget. These funds are an important positive credit rating driver for the four SEE EU countries under Scope's coverage.

The ability of SEE countries to deploy EU funding, including the Next Generation EU recovery fund, over the 2021-27 multiannual financial period will prove critical for medium-run growth and investment, notably to narrow the infrastructure gap with western Europe, advance green infrastructure to achieve long-run economic competitiveness, as well as enhance spending on research & development. Current R&D spending is well below EU averages in the cases of Romania, Croatia and Bulgaria. EU recovery funding will help bolster the economic recovery in member states and ensure further economic convergence with western Europe.

One proviso is the region's capacity to improve its absorption of EU funds. Taking the 2014-20 period, SEE absorption rates of EU funds ranged from less than 40% in Romania and Croatia to 46% in Bulgaria and less than 50% in Slovenia as of October this year. The variations reflect disparity in the co-financing capacities of central governments and other institutional factors. Further strengthening the quality of governance and long-term planning, better control of corruption and tighter public procurement procedures would improve SEE countries' productive deployment of EU funds and underpin more durable long-term growth.

***Bulgaria:** joining ERM II and Banking Union supports economic integration, recovery*

We have upgraded our 2020 output forecast for Bulgaria from -7% to a still significant contraction of -5%. The economy should rebound by 4.5% in 2021, before gradual reversion toward Bulgaria's medium-run underlying yearly growth rate of 2.5% thereafter. Under a stressed scenario in which Bulgaria reimposes a state of emergency and economic restrictions similar to those of the spring, the economy would contract by 7.5% this year.

The entry of Bulgaria and Croatia in July to the Exchange Rate Mechanism II (ERM II) and EU Banking Union represented historic steps in their economic and financial integration with the euro area, helping to further reduce financial, external-sector and foreign-exchange-related risks. For Bulgaria, strengthening central bank independence, tackling corruption, addressing judicial weaknesses, and enhancing legislative compatibility are important for sustained economic and institutional convergence with the euro area. Amid long-running demonstrations this year against corruption and violations of the rule of law, opposition parties have called for the resignation of the centre-right government of Prime Minister Boyko Borissov and the country's chief prosecutor.

Scope rates Bulgaria's long-term bonds at an investment grade of BBB+ – above the ratings assigned to Bulgaria from several peer rating agencies – which recognises the government's strong commitment to fiscal discipline and maintenance of pre-crisis balanced budgets. The impact of the pandemic has pushed public debt higher to around 26% of GDP in 2020 from 20% in 2019, but the ratio remains quite low, providing the government with room for gradual fiscal consolidation in the future.

Croatia: *elevated debt, low underlying growth potential are obstacles to robust recovery*

Real economic output will contract by around 8.9% in Croatia this year, a relatively steep drop compared with those of other EU member states of the region, reflecting the country's dependence on the severely hit travel and tourism services sectors, which account for around a quarter of GDP (including indirect impacts on associated industries). The budget deficit will widen to 7.5% of GDP in 2020, with general government debt rising by nearly 15pps to 87.5% of GDP. In 2021, we expect recovery in GDP of 5.9%. Joining ERM II will reinforce credit-positive prudence in government and central bank policies, supportive of Croatia's investment-grade ratings of BBB-.

However, Croatia's economy labours under several structural weaknesses that limit the prospects of a vibrant recovery. First, Croatia's pre-pandemic public debt of 73% of GDP in 2019 – up from 39% in 2008 – remained elevated compared with other SEE countries' despite falling in recent years. Gross government financing needs stood at a considerable 10% of GDP in 2019 and will increase in the medium term. Croatia has improved its fiscal framework in accordance with EU and IMF recommendations but has more work to do.

Secondly, Croatia's growth potential, estimated at around 2-2.3% over the medium run, is weak compared with those of other economies in southeast Europe. Low productivity growth, labour shortages and adverse demographic trends are impediments to faster growth.

Romania: *deteriorating public finances limit room for further economic stimulus*

We marginally revised upward our 2020 GDP forecast on Romania (rated BBB-/Negative Outlook) from -6.3% to -5.5%, followed by 4.8% growth next year. However, the government has relatively limited fiscal space to support the recovery. Deteriorating public finances after years of expansionary budget policies, including a 40% increase in state pensions approved in Parliament in September, risk triggering higher borrowing rates, which may impede economic recovery. We expect a general government deficit of 8.7% of GDP in 2020, pushing up debt by around 10pps to 45% of GDP.

Ahead of parliamentary elections on 6 December, recent polls suggest a tight race between the ruling centrist Liberals and the opposition Social Democrats, including the possibility of another hung parliament, which would make forming a new government subject to possibly protracted negotiation.

The National Bank of Romania has used monetary policy to support capital markets – 100bps of rate cuts and government bond purchases – while protecting the value of the leu. Significant further monetary easing to support the recovery is unlikely given the risk that additional interest rate cuts could pose with respect to downward pressure on the exchange rate. The leu's value against major currencies is an important concern due to the relatively high share of private and public sector debt denominated in foreign currency. The National Bank of Romania's foreign exchange reserves covered 79.5% of short-term external debt in August 2020.

Slovenia: *prudent fiscal stance might slow recovery, supports credit ratings*

The Slovenian economy will contract by around 6-7% this year, with additional downside risk for the fourth quarter following the announcement of fresh containment measures after a rise in coronavirus infections. The economy should turn around sharply next year with growth of around 7% helped by extra fiscal stimulus next year focused on infrastructure and protecting jobs.

> Growth should pick up to 5-6% across SEE in 2021, assuming gradual recoveries in domestic demand and improving external conditions

Significant fiscal stimulus alongside the decline in tax revenues will push up public debt to around 80% of GDP in 2020 from 66% in 2019. The government will likely stick to its prudent fiscal rules but allow the budget deficit to remain wide at 6.6% of GDP in 2021 and 4.6% in 2022 before gradual consolidation thereafter.

Slovenia (rated A/Stable Outlook)'s growth model is coming under pressure, particularly with the health crisis, given the country's ageing population and dependence of its external sector on mature European markets. Medium-term economic potential hinges upon improvements in productivity, especially in the information & communications technology sector, but also on raising private-sector investment in R&D to fill gaps in productivity in the corporate sector.

Recessions vary in severity in rest of SEE this year; solid growth expected in 2021

Among other SEE economies, Serbia should prove its relative economic resilience, with GDP set to fall around 3% this year, the lowest of the region. By contrast, Montenegro and Albania face severe recessions, with output down by 10% and 7% respectively, reflecting their reliance on tourism and travel, which together account for about a quarter of each country's GDP. In Bosnia & Herzegovina, North Macedonia and Moldova, output will contract by 5-6%, somewhat less than in Kosovo (7-8%). Next year, growth should pick up strongly across the region, running at 5-6%, assuming gradual recoveries in domestic demand and improving external conditions. Unemployment remains elevated across many SEE economies. Governments need to address structural bottlenecks in labour markets to help sustain economic recovery even if pandemic-related jobs support should prevent jobless rates from rising sharply.

in millions of euro

2019	2018	Bank Name	Country	Total Assets 2019	Y/Y change in assets	Net profit/loss 2019	Net profit/ loss 2018
1	1	Banca Transilvania SA	Romania	18295	17.97%	339.1	261.5
2	2	Zagrebacka Banka d.d.	Croatia	15806	3.88%	209.9	250.4
3	3	Banca Comerciala Romana SA	Romania	14948	5.20%	136.4	208.1
4	5	Privredna Banka Zagreb d.d.	Croatia	11749	5.40%	252.6	186.0
5	4	BRD – Groupe Societe Generale SA	Romania	11686	3.26%	319.8	331.5
6	6	UniCredit Bulbank AD	Bulgaria	11064	11.46%	217.4	219.4
7	8	Nova Ljubljanska Banka d.d.	Slovenia	9802	11.24%	176.1	165.3
8	11	ING Bank N.V. Amsterdam Branch Bucharest**	Romania	9324	16.24%	171.5	144.6
9	7	UniCredit Bank SA	Romania	9320	7.21%	119.9	118.1
10	9	Raiffeisen Bank SA	Romania	8972	7.06%	163.1	188.9
11	10	Erste&Steiermarkische Bank d.d.	Croatia	8591	4.08%	101.2	111.9
12	12	DSK Bank EAD	Bulgaria	8131	10.04%	125.7	111.0
13	13	CEC Bank SA**	Romania	6884	12.10%	83.6	76.0
14	14	United Bulgarian Bank AD	Bulgaria	6224	8.05%	79.2	89.9
15	15	OTP Banka d.d.	Croatia	5907	4.59%	77.8	22.4
16	20	Eurobank Bulgaria AD	Bulgaria	5718	36.43%	109.3	80.5
17	17	Banca Intesa AD	Serbia	5567	14.28%	105.2	107.0
18	18	First Investment Bank AD	Bulgaria	5215	10.42%	66.1	83.9
19	16	Nova KBM d.d.	Slovenia	5094	2.34%	67.4	75.5
20	19	Raiffeisenbank Austria d.d.	Croatia	4579	4.43%	58.9	29.5
21	21	Raiffeisenbank (Bulgaria) EAD	Bulgaria	4508	13.38%	66.3	67.3
22	22	Abanka d.d.	Slovenia	3823	2.54%	61.7	66.7
23	23	Unicredit Bank Srbija AD	Serbia	3766	0.95%	70.6	78.3
24	24	Alpha Bank Romania SA	Romania	3728	5.10%	16.5	4.5
25	26	Komercijalna Banka AD	Serbia	3688	7.78%	76.4	69.1
26	28	SKB Banka d.d.	Slovenia	3365	8.94%	52.1	53.7
27	29	UniCredit Bank d.d. Mostar	Bosnia and Herzegovina	3360	10.39%	51.7	49.7
28	25	Banka Kombetare Tregtare Sh.a. (National Commercial Bank)	Albania	3279	-6.62%	14.4	60.2
29	27	Expressbank AD* - non-existent	Bulgaria	3243	-1.37%	54.1	56.2
30	31	Hrvatska Postanska Banka d.d.	Croatia	3194	11.96%	19.3	20.5
31	30	Central Cooperative Bank AD	Bulgaria	3122	8.68%	17.5	17.3
32	32	OTP Banka Srbija AD (formerly known as Societe Generale Banka Srbija AD)	Serbia	2862	6.16%	38.6	69.2
33	37	OTP Bank Romania SA	Romania	2783	18.90%	19.2	12.0
34	33	UniCredit Banka Slovenija d.d.	Slovenia	2752	3.63%	26.9	20.6
35	36	Raiffeisen Banka AD	Serbia	2720	9.24%	52.1	56.2
36	34	Banka Intesa Sanpaolo d.d.	Slovenia	2689	3.55%	23.8	10.7
37	39	Raiffeisen Bank d.d. Sarajevo	Bosnia and Herzegovina	2418	7.58%	29.1	43.2
38	35	Addiko Bank d.d.	Croatia	2414	-2.24%	21.1	23.0
39	38	SID – Slovenska Izvozna in Razvojna Banka d.d.	Slovenia	2406	3.77%	32.0	14.3
40	40	Garanti Bank SA	Romania	2273	5.93%	23.2	24.0
41	48	Citibank Europe Plc Dublin - Romania Branch**	Romania	2134	27.31%	57.6	46.6
42	42	Komercijalna Banka AD	North Macedonia	2001	7.54%	29.4	29.0
43	47	Erste Bank AD	Serbia	1974	14.05%	22.9	24.8
44	43	Gorenjska Banka d.d.	Slovenia	1967	7.42%	43.2	17.1
45	41	Banka Postanska Stedionica AD	Serbia	1943	3.53%	22.6	18.9
46	45	AIK Banka AD	Serbia	1907	8.25%	70.2	47.9
47	44	Raiffeisen Bank Sh.a.	Albania	1871	0.91%	38.8	50.8
48	46	Sberbank Banka d.d.	Slovenia	1871	7.03%	10.4	8.2
49	84	Vojvodjanska Banka AD (formerly known as OTP Banka Srbija a.d. Novi Sad)	Serbia	1834	145.48%	51.0	2.4
50	50	Credins Bank Sh.a.	Albania	1795	11.52%	10.7	9.8

(*) The bank is written-off on Apr 30, 2020.
(**) Net assets

in millions of euro

2019	2018	Bank Name	Country	Total Assets 2019	Y/Y change in assets	Net profit/loss 2019	Net profit/ loss 2018
51	54	Stopanska Banka AD - Skopje	North Macedonia	1651	10.06%	37.7	40.6
52	51	Bulgarian Development Bank AD	Bulgaria	1623	4.95%	19.3	19.8
53	52	Banca de Export-Import a Romaniei – Eximbank SA	Romania	1621	7.57%	5.9	24.3
54	49	Addiko Bank d.d.	Slovenia	1617	-0.05%	18.4	37.2
55	57	Eurobank AD	Serbia	1511	4.52%	2.6	19.1
56	61	Sberbank d.d.	Croatia	1484	14.60%	11.7	9.2
57	58	Allianz Bank Bulgaria AD	Bulgaria	1475	4.70%	16.9	15.1
58	59	Intesa Sanpaolo Bank Albania Sh.a.	Albania	1454	3.35%	17.1	6.8
59	60	NLB Banka AD Skopje	North Macedonia	1438	8.03%	30.1	34.5
60	55	Banca Romaneasca SA	Romania	1387	-2.01%	-3.6	8.0
61	63	Intesa Sanpaolo Romania SA	Romania	1376	15.95%	11.8	5.0
62	65	Libra Internet Bank SA	Romania	1367	19.72%	24.1	20.5
63	70	Sberbank Srbija AD	Serbia	1342	29.34%	2.6	11.1
64	56	First Bank SA (formerly Piraeus Bank Romania SA)	Romania	1342	-4.96%	4.8	-6.1
65	64	Moldova Agroindbank SA	Moldova	1341	9.24%	36.5	27.2
66	67	ProCredit Bank Bulgaria AD	Bulgaria	1277	15.44%	18.4	19.4
67	62	Banka Sparkasse d.d.	Slovenia	1262	3.21%	5.0	8.5
68	69	Intesa Sanpaolo Banka d.d.	Bosnia and Herzegovina	1192	13.09%	17.3	18.6
69	71	Nova Banka a.d. Banja Luka	Bosnia and Herzegovina	1114	11.62%	6.2	5.5
70	74	ProCredit Bank AD	Serbia	1088	14.85%	5.8	8.5
71	73	Municipal Bank AD	Bulgaria	1046	8.07%	0.9	3.5
72	76	Raiffeisen Bank Kosovo Sh.a.	Kosovo	1022	14.96%	18.3	20.5
73	72	Dezelna Banka Slovenije d.d.	Slovenia	1018	2.74%	0.7	5.4
74	80	Credit Agricole Banka Srbija AD	Serbia	1013	19.95%	9.6	6.4
75	68	Investbank AD	Bulgaria	971	-10.54%	1.1	11.6
76	79	Moldindconbank SA	Moldova	957	11.85%	35.2	25.6
77	81	Halk Banka AD Skopje	North Macedonia	933	21.70%	11.4	10.7
78	89	Bulgarian-American Credit Bank AD	Bulgaria	854	17.63%	7.3	6.2
79	77	UniCredit Banka a.d. Banja Luka	Bosnia and Herzegovina	850	-0.04%	15.1	14.2
80	91	Crnogorska Komercijalna Banka A.D.	Montenegro	817	18.11%	4.9	7.4
81	75	Credit Europe Bank (Romania) SA**	Romania	813	-6.87%	13.7	11.0
82	78	Addiko Bank AD	Serbia	808	-5.36%	9.4	11.0
83	83	Sparkasse Bank d.d. Sarajevo	Bosnia and Herzegovina	808	8.03%	12.0	10.0
84	82	ProCredit Bank Sh.a.	Kosovo	806	6.89%	21.5	17.4
85	92	NLB Banka Sh.a. Prishtina	Kosovo	801	19.90%	19.5	14.8
86	86	International Asset Bank AD	Bulgaria	791	7.55%	7.5	5.3
87	90	NLB Banka a.d. Banja Luka	Bosnia and Herzegovina	774	7.12%	16.8	16.5
88	88	Victoriabank SA	Moldova	767	3.02%	16.5	2.2
89	87	Sberbank BH d.d.	Bosnia and Herzegovina	760	3.64%	5.5	3.6
90	93	Banka OTP Albania Sh.a. (formerly known as Banka Societe Generale Albania Sh.a.)	Albania	750	11.03%	10.9	-4.5
91	94	Ohridska Banka AD	North Macedonia	689	7.02%	3.9	9.4
92	85	Patria Bank SA	Romania	668	-7.52%	1.1	-0.1
93	95	Alpha Bank Albania Sh.a.	Albania	643	1.59%	1.1	-7.9
94	New	Bosna Bank International d.d. Sarajevo	Bosnia and Herzegovina	643	25.96%	6.0	5.0
95	99	NLB Banka d.d. Sarajevo	Bosnia and Herzegovina	635	7.78%	9.5	7.9
96	100	Mobiasbanca - OTP Group SA	Moldova	633	11.05%	12.8	15.1
97	98	Tirana Bank Sh.a.	Albania	623	4.02%	3.3	-13.2
98	New	NLB Banka AD	Serbia	616	25.61%	4.1	5.3
99	96	American Bank of Investments Sh.a.	Albania	611	-0.96%	5.6	4.3
100	New	ERSTE Bank A.D.	Montenegro	605	16.28%	12.3	10.2

SEE banks enjoy solid profitability, Banca Transilvania cements leadership

By Radomir Ralev

As the macroeconomic environment in Southeast Europe (SEE) continued to improve, banks enjoyed solid profitability and a robust growth in assets amid lax access to funding. Demand for loans increased, fuelled by the need for working capital and investment financing by enterprises and robust growth of housing- and non-housing-related expenditures by households. Credit quality improved further, albeit at a slower pace than in previous years.

SEE banks' assets grow 7.9% as consolidation continues

Amid an ongoing consolidation of the banking sector across SEE, Hungarian financial services group OTP significantly expanded its footprint through acquisitions in Serbia, Montenegro, Slovenia, Moldova and Bulgaria. Other M&A deals involved the sale of the entire capital of Slovenia's third largest bank, Abanka, to Nova Kreditna Banka Maribor (NKBM) by sovereign holding company SDH. In Serbia, the preparations for the privatisation of Komercijalna Banka moved forth.

Against this backdrop, the total assets of SEE's top one hundred banks rose 7.9% in 2019 to 316.3 billion euro, versus 7.2% growth in 2018.

Banca Transilvania cemented its leadership as the largest bank in SEE, its assets rising 15% to 18.3 billion euro. The Romanian lender was followed by Croatia's Zagrebacka Banka in second place, and Banca Comerciala Romana in third.

A total of 88 lenders reported growth, up from 85 last year.

Serbia's Vojvodjanska Banka, a unit of OTP, climbed 17 positions to 49th spot as its assets swelled 146% to 1.8 billion euro, backed by the acquisition of the Serbian unit of French banking group Societe Generale. Eurobank Bulgaria saw its assets grow 36% to 5.7 billion euro as it absorbed Piraeus Bank Bulgaria in November.

Profits hit record high

The combined net profit of the region's top lenders rose to 4.673 billion euro in 2019 from 4.467 billion euro in the previous year, reaching its highest value since 2008.

Banca Transilvania posted the highest profit of 339.1 million euro among SEE lenders last year, an increase of 29.7%, backed by resilient interest margins, strong franchise and good cost efficiency. Another Romanian bank, BRD, ranked second, with a profit of 319.8 million euro, down 3.5%.

Banca Romaneasca was the only member of the on hundred biggest lenders that recorded a loss last year, compared to six loss-markers in 2018. In June 2019, Romania's EximBank, in which the finance ministry holds a majority stake, signed an agreement with National Bank of Greece (NBG) for the purchase of NBG's equity holding of 99.28% in Banca Romaneasca.

Of the five lenders which swung to profit in 2019, three were Albanian. Tirana Bank managed to reverse a loss of 13.2 million euro recorded in 2018 to a 3.3 million euro profit last year, whereas Alpha Bank Albania turned to a profit of 1.1 million euro in 2019 from a 7.9 million euro loss in the previous year.

Romania, the region's most populous

316.3 bln euro

Total assets of top 100 banks in SEE in 2019

18.3 bln euro

Banca Transilvania's assets

4.673 bln euro

Combined net profit of top 100 banks in SEE in 2019

Banca Transilvania was the largest bank in SEE in 2019 with 18.3 billion euro in assets, up 15%.

country, was best represented in the ranking with 18 banks, down from 19 a year earlier, followed by Serbia with 16 lenders, as many as in 2018. The aggregate assets of the Romanian lenders in the ranking stood at 98.9 billion euro, equal to 31.3% of the region's total.

The ranking welcomed only three new entrants and includes one bank that does not exist anymore – Bulgaria's Expressbank, which was acquired by OTP. Of the new entrants, Bosna Bank International (BBI) ranked highest, in 94th place, as its assets grew 26% to 643 million euro, the largest increase among the new members of the ranking.

Capital shortfalls at Fibank, Investbank

A comprehensive assessment carried out by the European Central Bank (ECB) found capital shortfalls in two Bulgarian lenders - Investbank and First Investment Bank (Fibank), which committed to address the problems in a timely manner.

The assets of Investbank shrank 10.5% to 971 million euro. In 2019, the ECB found a capital shortfall of 262.9 million euro at Fibank and 51.8 million euro at Investbank during an asset quality review and a stress test of six Bulgarian banks. Investbank completed the measures addressing the capital shortfall in April 2020.

Fibank saw its assets grow 10.4% to 5.2 billion euro, although its profit declined 21.2%. The bank signed deals for the sale of non-performing loan (NPL) portfolios of some 538 million levs in face value and subsequently included its 2019 net profit into its common equity tier 1 capital.

NPLs on decline

Bad loans declined in all SEE countries in 2019, with Kosovo and Slovenia posting the lowest NPL ratios as of the end of December - of 2.4% and 3.4%, respectively. Albania and Croatia recorded the sharpest decline in NPL ratios, down by 2.7 percentage points each. Still, Albania had the highest NPL ratio in the region - of 8.4%.

Italian-owned lenders hold 40% of total assets of SEE's top ten lenders

The SEE banking sector remained dominated by foreign lenders. Italy stands out with four representatives, accounting for 39.6% of the total assets in the top 10. UniCredit was the banking group with the most robust presence in the top 10 of the ranking with three local subsidiaries – Croatia's Zagrebacka Banka, Bulgaria's UniCredit Bulbank and Romania's UniCredit Bank SA. Austria's Erste Group and Raiffeisen had one representative in the top ten each, while local units of Dutch lender ING, France's Groupe Societe Generale and Italy's Intesa Sanpaolo were also on the top 10 list. The European Bank for Reconstruction and Development (EBRD) holds a 15% stake in the capital of the leader of the ranking, Banca Transilvania.

Overall, the SEE banking sector entered 2020, a year marked by the recessionary environment of the COVID-19 pandemic, in good shape. However, according to the Spring 2020 Bank Lending Survey of the European Investment Bank (EIB), the positive leveraging trend may come to an end and a rise of NPL ratios may be seen in 2020 for the first time since 2015, while the induced crisis effects could lead to a sharp tightening in supply across the client spectrum.

METHODOLOGY

SEE TOP 100 banks is a ranking of the largest banks in Southeast Europe in terms of total assets from non-consolidated balance sheets as of December 31, 2019.
To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2019 and 2018, respectively. Local currency figures have been used when calculating year-on-year changes. All data is sourced from central banks, national commercial registers, financial supervision commissions, bank associations, government and corporate websites, and companies themselves.
The initial pool of companies exceeds 200 active banks registered in the region including branches and representative offices of foreign banks.

We plan to expand our online platforms aiming to give customers more independence

Darin Peshev is a financial professional with more than 13 years of banking experience in Bulgaria and SEE. He started his career in the field of FX, IR and commodity markets after obtaining a master's degree in financial risks management from CEDERS Mediterranean University Aix-Marseille 2, France, following a bachelor's degree in finance from the University of Strasbourg. He has built extensive experience in the markets and corporate treasury sales field, private banking and investment strategy, corporate foresight and products in the SEE region, working with private banking offices in eight countries. He gained experience on capital markets and our region's economic and financial environment, at the same time serving high-net-worth individual (HNWI) clients. Since April 2020, Peshev is Director Private Banking in UniCredit Bulbank.

Darin Peshev,
Director Private Banking
UniCredit Bulbank

Unlike other large banks, the private banking of UniCredit Bulbank is sitting under the same roof with the corporate investment banking and the asset management. Could you tell us more about this exclusive service model and the tailor-made solutions you provide?

UniCredit Bulbank is really different from other banks with the fact that private and corporate banking are very closely connected. This allows us to be as operational and efficient as possible when serving our customers and to offer value to clients – for their individual needs and for the needs of their companies and employees.

We work together with partners such as Amundi and Allianz to offer tailor-made products for private individuals. In addition to Amundi funds, we offer life insurances suitable for clients who are risk-tolerant and willing to probe different strategies and investment fields and explore the megatrends. Alongside our UniCredit Group investment strategy, we have customised solutions tailored to the specific needs of even the most sophisticated customer, we strive to find the right solutions and products, according to their needs and expectations.

Can you give us more details about the private banking customers' profile? What is UniCredit Bulbank's focus in this niche?

I find it hard to describe the private banking clients with a common profile but there are certainly similarities between them. I can say that they are people who have achieved a lot in their professional life and often contribute to the society and the community we live in. They own successful businesses or hold senior management positions in large companies. In order to meet the needs of all our customers, we look for a perfect balance. We take into consideration whether the client prefers to have direct contact with the relationship manager from the bank or wants to be more independent and bank remotely, using the bank's various digital channels. In some cases, when it comes to more complex situations, the direct contact with the bank is inevitable in order to make the right decisions. This hybrid service model allows us to be a flexible and reliable partner to our client.

Globally, Ultra-High-Net-Worth (UHNW) clients have been increasingly bypassing traditional financial institutions and doing private deals directly. Are you witnessing a similar trend in Bulgaria and for which services the private customer perceives you as a preferred partner?

In the last few years our clients tend to be more eager to invest. Some of our clients have high investment culture and they prefer to research the market themselves and to make riskier decisions. Recently, we launched a new investment and markets module in Bulbank Online - Securities trading. It is a significant step towards the digitalisation of this service and allows the customer to invest 24/7 without having to be physically present at a bank location.

Despite the fact that our clients prefer to be independent when it comes to investing, many of them rely on us for information and support for the decisions they make, especially when it comes to asset classes and geographical strategic allocation together with features of various best-in-class products – in this way they feel safer and the process is smoother and easier for them. For several years now, more and more mutual funds and direct investments contracts are signed as our clients strive for a diversified portfolio.

According to a recent report co-written by Morgan Stanley and Oliver Wyman, the coronavirus pandemic is set to wipe $3.1 trillion off global HNW wealth in 2020. What effects do you expect this to have on private banking in Bulgaria?

There is no denying that this crisis can be defined as economic, as well as corporate and social. But every situation has two sides - good and bad, positive and negative, threats and opportunities and banks are part of the solution. The current emergency state has pushed us even further towards what the whole world has been striving in the last few years – digitalisation. In the past few months both customer behavior and customer needs have massively evolved in this direction. The percentage of people using digital options has risen significantly and our digital channels were helpful during the pandemic. We have made a great progress in a short period of time, building more optimised processes. Change is definitely an opportunity and the speed of embracing it is now even more important than before.

In your view, how will banking union membership (ERM II) affect the private banking sector in Bulgaria? Can you comment on the current regulatory framework and its expected development?

I expect the membership in the banking union to certainly make us even better financially and a more reliable trading partner of the Eurozone countries. What I can say about the SEE region is that I expect the business cycle to be even more deeply synchronized with the rest of the euro area, achieving a higher degree of convergence, which we will see in the increase in overall local incomes.

How would you define the strategy for the future development of the private banking service in UniCredit Bulbank?

Our strategy relies on our values, which help us to be a preferred partner for some of the wealthiest people in Bulgaria. We are well aware that in order to be successful, you must be able to adapt quickly, and this is exactly the situation we are facing now. In this ever-changing world, technology is the most evolving sector. Our teams are constantly working on inventing new digital solutions, as well as optimising all existing processes and products. We are focused on massive simplification and better speed of the services. Moreover, we plan to expand our online platforms aiming to give customers more independence while managing their wealth.

The new investment and markets module in Bulbank Online - Securities trading - allows customer to invest 24/7

The share of people using digital options has risen significantly

MAIB: Improving banking experience through digitisation

Digitisation has been part of the road map of Moldova Agroindbank (MAIB) over the past years. Holding the lion's share of Moldova's banking market – about 30% in terms of loans, deposits, assets and profit, MAIB has laid a strong emphasis on digitisation so as to improve its clients' banking experience. The ongoing coronavirus pandemic provided an additional proof of the soundness of the digitisation strategy. With all the needed digital tools in place, the bank entered the pandemic fully prepared to uninterruptedly provide high quality banking services.

M MAIB, Moldova's leading bank, has been applying a wide range of digital banking tools, contributing to a gradual shift in the mindset of its clients. The bank's clients, who are fully aware of the advantages of MAIB's first digital application, desktop-based Internet Banking, welcomed the innovations which the bank has been continuously launching on the market over the past years. T2C, P2P, EASI Banking, MAIBank mobile banking application, Cash-in ATMs, foreign exchange at ATMs, Transfer by QR Code, Cash by Code, Cash-in by Code have all queued up to turn MAIB clients' banking experience into a time-saving, comfortable, quick and safe one.

"Digitisation is no longer a trend. It is a reality that you need to acknowledge. It is everywhere and you won't be able to keep the pace with the market unless you give it due consideration," MAIB CEO Serghei Cebotari says. "MAIB was the first bank in Moldova to launch internet banking some 15 years ago. It still offers the best desktop-based application in the country. Yet, the world has shifted to mobile and you need to adjust. Over the past two years, our digital business team has done a tremendous job and today our private clients can do banking easily and safely via MAIB no matter where they are."

With MAIB, private clients have their bank in their pocket. Transferring money in the blink of an eye, receiving remittances right on card, paying automatically utility bills, opening deposits by several clicks only, generating QR codes to receive money, keeping evidence of their money, and even categorising their spending – these and many others are all about MAIB, the best ranked mobile banking application in the country, according to Google Play.

The safety of digital services has also been among the priorities of MAIB, as it invests in highly reliable safety software and high-skilled specialists, as well as in campaigns to inform its clients on how to prevent online banking frauds.

Over the past several months, the coronavirus pandemic put many businesses in the country on a halt. It was not the case for Moldova Agroindbank. Being on good terms with digital services, the bank managed to uninterruptedly service its clients via mobile and other web-based applications. The number of MAIB downloads tripled and the number of transactions made via the application doubled from March through June only. Banking on digital services proved to be the right strategy for both middle and long term.

"It does not mean that we no longer have clients queueing outside our branches for transactions that can actually be carried out online. We do, even in this period, and we do respect them and pay good attention to their needs as well. To get them used with digital services we, for instance, have set highly friendly self-service terminals in MAIB branches, the only ones in the country that allow for card payments, by the way. And yet, digital means future and we tend to be available for our clients on a round the clock basis, to be there whenever they need, to turn their online banking experience into a time-saving and highly reliable one," Cebotari adds.

MAIB keeps on developing its digital ecosystem, with MAIBusiness being next in the line. The bank's mobile banking application meant for legal entities, MAIBusiness, has already been launched in a beta mode. And this is far from being the end of the digitisation story.

* * *

Instituted in 1991, MAIB indisputably holds the position of leader of Moldova's banking sector. Currently, HEIM Partners, an international consortium made up of the European Bank for Reconstruction and Development, Horizon Capital and Invalda INVL, holds 41.09% of its shares. Local shareholders own the other over 58% of shares.

in millions of euro

2019	2018	Company Name	Country	Gross written premium 2019	Y/Y Change in GWP 2019 (%)	Net profit/loss 2019	Net profit/ loss 2018
1	1	Zavarovalnica Triglav d.d.	Slovenia	659.2	4.13%	70.6	65.5
2	2	Zavarovalnica Sava d.d.	Slovenia	428.7	9.29%	38.5	29.5
3	4	City Insurance SA	Romania	400.3	28.81%	11.9	10.6
4	3	Croatia Osiguranje d.d.	Croatia	368.5	-1.80%	39.4	36.5
5	5	Vzajemna Zdravstvena Zavarovalnica d.v.z.	Slovenia	330.8	8.71%	9.8	0.7
6	6	Adriatic Slovenica d.d.* - non-existent	Slovenia	309.7	3.08%	6.9	8.9
7	7	Allianz - Tiriac Asigurari SA	Romania	286.7	4.62%	31.8	28.8
8	8	Omniasig Vienna Insurance Group SA	Romania	273.4	11.46%	-1.7	-5.2
9	10	Euroins Romania Asigurare Reasigurare SA	Romania	267.6	27.21%	-9.1	6.8
10	9	Dunav Osiguranje AD	Serbia	242.3	3.07%	25.6	13.3
11	11	Groupama Asigurari SA	Romania	227.6	8.36%	-12.6	-1.4
12	13	Generali Osiguranje Srbija AD	Serbia	197.0	7.83%	33.3	32.7
13	15	Allianz Hrvatska d.d.	Croatia	183.0	16.82%	15.6	16.7
14	17	Triglav Zdravstvena Zavarovalnica d.d.	Slovenia	177.4	22.64%	2.9	1.3
15	14	NN Asigurari de Viata SA	Romania	172.7	7.02%	12.6	11.8
16	16	Euroherc Osiguranje d.d.	Croatia	171.8	14.31%	17.7	19.2
17	18	Lev Ins AD	Bulgaria	161.9	13.01%	0.8	0.9
18	27	Generali Romania SA	Romania	147.9	56.94%	1.4	9.2
19	19	Bulstrad Vienna Insurance Group AD	Bulgaria	141.9	17.77%	5.8	6.8
20	20	DZI - General Insurance EAD	Bulgaria	131.2	9.29%	13.8	7.1
21	22	Wiener Osiguranje Vienna Insurance Group d.d.	Croatia	124.6	20.89%	7.1	5.7
22	30	Euroins AD	Bulgaria	124.5	40.79%	2.9	0.4
23	12	Asirom Vienna Insurance Group SA	Romania	122.3	-32.59%	-7.7	-41.0
24	21	Armeec AD	Bulgaria	113.7	6.89%	2.7	2.7
25	37	OZK - Insurance AD	Bulgaria	110.5	48.71%	n/a	0.3
26	28	Generali Osiguranje d.d.	Croatia	108.2	12.89%	1.7	1.9
27	24	DDOR Novi Sad AD	Serbia	107.9	5.99%	8.7	5.4
28	25	Wiener Stadtische Osiguranje AD	Serbia	107.4	8.19%	8.6	5.7
29	23	Generali Zavarovalnica d.d.	Slovenia	105.5	3.18%	3.3	4.7
30	29	Adriatic Osiguranje d.d.	Croatia	101.1	13.61%	8.0	8.3
31	31	Generali Insurance AD	Bulgaria	90.8	4.62%	9.5	3.3
32	32	Allianz Bulgaria AD	Bulgaria	89.0	5.08%	9.3	7.7
33	26	Bul Ins AD	Bulgaria	89.0	-9.04%	n/a	2.8
34	33	UNIQA Osiguranje d.d.	Croatia	85.3	8.99%	5.1	3.2
35	35	NLB Vita d.d.	Slovenia	84.5	9.83%	9.0	8.3
36	36	UNIQA Asigurari SA	Romania	78.6	6.67%	0.9	-3.9
37	40	Bulstrad Life Vienna Insurance Group AD	Bulgaria	75.3	35.70%	2.2	1.9
38	34	BCR Asigurari de Viata Vienna Insurance Group SA	Romania	74.4	-1.77%	8.2	-5.4
39	46	Dall Bogg Zhivot i Zdrave EAD	Bulgaria	73.2	74.51%	1.6	0.2
40	39	Triglav Osiguranje d.d.	Croatia	65.6	13.67%	0.4	0.8
41	47	BRD Asigurari de Viata SA	Romania	61.7	61.39%	2.3	3.1
42	38	Grawe Hrvatska d.d.	Croatia	60.7	4.62%	4.3	4.2
43	41	Triglav Osiguranje AD	Serbia	58.4	18.09%	2.1	2.0
44	45	Modra Zavarovalnica d.d.	Slovenia	53.5	23.78%	12.2	6.3
45	42	Agram Life Osiguranje d.d.	Croatia	52.0	10.24%	2.8	1.7
46	43	Merkur Zavarovalnica d.d.	Slovenia	48.3	2.55%	3.0	3.2
47	44	Grawe Zavarovalnica d.d.	Slovenia	46.7	7.89%	1.0	0.7
48	72	DZI - Life Insurance AD	Bulgaria	38.7	82.50%	3.4	4.6
49	52	UNIQA Nezivotno Osiguranje AD	Serbia	37.3	10.58%	1.3	1.5
50	48	Merkur Osiguranje d.d.	Croatia	36.4	-2.90%	3.0	3.0

** The company is written-off on Jan 3, 2020.*

VIENNA INSURANCE GROUP

in millions of euro

2019	2018	Company Name	Country	Gross written premium 2019	Y/Y Change in GWP 2019 (%)	Net profit/loss 2019	Net profit/ loss 2018
51	53	Sigal UNIQA Group Austria Sh.a.	Albania	35.3	4.77%	1.1	1.5
52	51	Adriatic Osiguranje d.d.	Bosnia and Herzegovina	35.1	4.23%	2.9	0.3
53	50	UNIQA AD	Bulgaria	35.0	-1.73%	1.7	0.0
54	49	UNIQA Life Insurance AD	Bulgaria	34.9	-6.85%	3.3	0.6
55	59	Sarajevo Osiguranje d.d.	Bosnia and Herzegovina	34.5	12.97%	0.3	0.2
56	55	Grawe Osiguranje AD	Serbia	34.4	3.58%	5.1	5.3
57	65	AMS Osiguranje AD	Serbia	33.6	19.92%	4.8	1.0
58	56	Pool-ul de Asigurare Impotriva Dezastrelor Naturale SA	Romania	33.3	3.88%	10.7	8.3
59	58	Lovcen Osiguranje AD	Montenegro	33.1	7.78%	0.6	0.4
60	New	Triglav Pokojninska Druzba d. d.	Slovenia	33.1	n/a	1.1	-0.4
61	60	Wiener Stadtische Versicherung AG - Branch Ljubljana	Slovenia	33.1	8.25%	5.8	4.5
62	57	UNIQA Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	32.4	2.52%	1.5	1.1
63	61	Euroherc Osiguranje d.d.	Bosnia and Herzegovina	31.7	3.94%	4.6	3.6
64	64	Hrvatska Osiguravajuca Kuca d.d.	Croatia	31.5	12.21%	0.7	1.4
65	62	Milenijum Osiguranje AD	Serbia	30.5	3.49%	3.9	1.3
66	67	Grawe Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	28.1	5.27%	1.3	1.0
67	83	Grawe Romania Asigurare SA	Romania	27.7	67.98%	-3.2	-0.8
68	68	Croatia Osiguranje d.d.	Bosnia and Herzegovina	26.0	3.63%	0.0	0.1
69	71	Triglav Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	24.5	9.67%	0.9	0.9
70	69	Allianz Bulgaria Life AD	Bulgaria	23.7	-5.25%	3.7	0.5
71	81	Signal Iduna Asigurare Reasigurare SA (formerly known as Signal Iduna Asigurari de Viata SA)	Romania	23.5	36.69%	0.9	-0.2
72	70	Triglav Insurance AD	North Macedonia	23.2	-0.04%	0.3	0.5
73	75	Sava Nezivotno Osiguranje AD	Serbia	22.6	15.43%	0.8	1.2
74	79	GRAWE Bulgaria Life Insurance EAD	Bulgaria	19.6	9.63%	2.1	1.5
75	74	Central Osiguranje d.d.	Bosnia and Herzegovina	19.5	-0.36%	1.4	1.7
76	77	Albsig sh.a.	Albania	19.4	1.25%	1.3	0.9
77	88	Vienna Osiguranje d.d.(former Merkur BH Osiguranje d.d.)	Bosnia and Herzegovina	19.1	23.48%	0.5	0.9
78	78	Eurosig Sh.a.	Albania	19.0	2.80%	1.1	0.5
79	54	Gothaer Asigurari Reasigurari SA	Romania	18.9	-41.60%	-3.7	-8.1
80	63	Sigma Interalbanian Vienna Insurance Group Sh.a.	Albania	18.4	1.12%	n/a	0.9
81	87	Prva Osebna Zavarovalnica d.d.	Slovenia	18.3	17.69%	2.8	2.8
82	73	Energia AD	Bulgaria	17.2	-15.69%	3.9	4.8
83	92	ASA Osiguranje d.d.	Bosnia and Herzegovina	16.6	18.72%	1.1	0.9
84	82	Eurolink Osiguruvanje AD	North Macedonia	16.5	-5.14%	0.0	0.7
85	85	UNIQA Zivotno Osiguranje AD	Serbia	16.2	-2.77%	1.0	1.1
86	86	Wiener Osiguranje Vienna Insurance Group a.d. Banja Luka	Bosnia and Herzegovina	16.0	2.25%	0.1	-0.2
87	89	Makedonija Skopje - Vienna Insurance Group AD	North Macedonia	15.1	1.90%	1.4	1.4
88	93	Intersig Vienna Insurance Group Sh.a.	Albania	14.9	8.19%	n/a	0.6
89	New	Coface PKZ Zavarovalnica d. d.	Slovenia	14.8	3.33%	1.2	1.0
90	95	Sava Osiguruvanje AD	North Macedonia	14.4	10.39%	0.2	0.4
91	99	Sava Osiguranje AD	Montenegro	13.8	7.45%	1.2	1.9
92	97	Asset Insurance AD	Bulgaria	13.6	5.55%	0.6	0.3
93	96	UNIQA AD	North Macedonia	13.4	2.54%	-0.4	0.3
94	New	Euroins Insurance AD Skopje	North Macedonia	13.2	20.58%	0.8	0.6
95	New	Winner Vienna Insurance Group AD	North Macedonia	13.2	5.03%	0.8	0.7
96	100	Croatia Osiguruvanje - Life AD	North Macedonia	13.1	4.49%	0.8	0.6
97	New	Grawe Carat Asigurari SA	Moldova	13.1	15.36%	1.1	1.3
98	New	Groupama Insurance EAD	Bulgaria	12.3	0.21%	-0.8	0.3
99	New	Uniqa Nezivotno Osiguranje AD	Montenegro	12.3	7.35%	0.2	0.1
100	New	Dunav Osiguranje a.d.	Bosnia and Herzegovina	12.2	0.97%	0.0	-0.9

Top insurers boast double-digit profit growth, City Insurance closes in on Slovenian giants

By Mario Tanev

The biggest insurers in Southeast Europe (SEE) enjoyed another year of strong premium and profit growth in 2019 before facing the challenges presented by the coronavirus pandemic. Amid healthy economic growth and improving labour conditions in the region in 2019, members of this year's edition of the ranking achieved a combined profit of over 500 million euro, or a 28.4% rise compared with their results in 2018.

The biggest insurers in the region also crushed the 8.1 billion euro gross written premiums (GWP) record achieved by the top 100 of 2018. The members of this year's edition of the ranking generated GWP of 8.8 billion euro, improving by 9.8% their own performance compared with 2018.

The top 10 include the same members as last year but a few of them traded places. Slovenian giant Zavarovalnica Triglav once again topped the chart with GWP of over 659 million euro, up 4.1% year-on-year. The company also achieved the largest profit among its peers, of 70.6 million euro. The other Slovenian heavyweight – Zavarovalnica Sava, followed in second place for a fourth consecutive year. The insurer increased its GWP by 9.3% to nearly 429 million euro.

The success Zavarovalnica Triglav and Zavarovalnica Sava was underpinned by a healthy growth of GWP of the overall market in Slovenia, as well as by the higher insurance penetration and insurance density when compared with other countries in the region. Despite that, both insurance penetration and insurance density in SEE still lag significantly behind the levels in Western Europe.

The dominance of the top three biggest insurers in the past three editions of the ranking was broken by City Insurance. Romania's largest insurer claimed the third place from Croatia Osiguranje after another year of strong GWP growth. City Insurance grew its premiums by 28.8% to slightly over 400 million euro in 2019 and is now breathing in Zavarovalnica Sava's neck. The Romanian insurer has shown remarkable GWP growth ever since it entered the ranking ten years ago and has outpaced the two Slovenian giants in each of those ten years.

Croatia Osiguranje and Serbia's Dunav Osiguranje were the only insurers outside Slovenia and Romania to make it to the top 10 of the ranking. Dunav Osiguranje took the tenth spot with GWP of some 242 million euro.

Slovenian members of this year's ranking generated the highest combined GWP, of 2.3 billion euro. Romania came in close second, with its members of the ranking posting GWP of 2.2 billion euro. Slovenia has 14 representatives in this year's ranking, while Romania has one more.

Despite booking significantly lower combined GWP – of 1.4 billion euro, Bulgaria dominated the ranking in terms of the number of members, 19, in evidence of the relatively higher fragmentation of the local insurance market.

8.8 bln euro

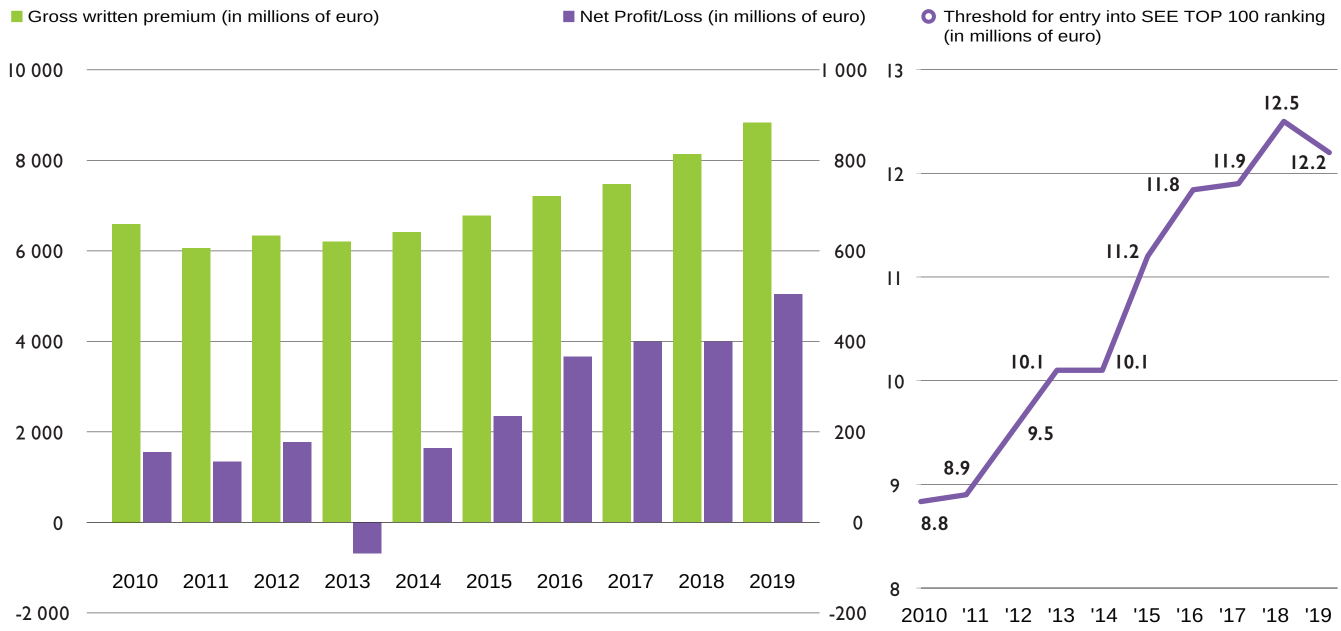
Combined GWP of SEE TOP 100 insurers in 2019

28.4%

Rise in combined profit of the region's biggest insurers in 2019

Top 100 insurers combined financial results 2010-2019

Total GWP, net profit, threshold for entry in the ranking



The highest-ranked Bulgarian insurer was Lev Ins, which gained one spot and ranked 17th in 2019. Bulstrad Vienna Insurance Group and DZI - General Insurance followed, retaining their 19th and 20th place, respectively.

In terms of GWP growth, two Bulgarian companies are worth a mention. DZI - Life Insurance boosted its GWP by 82.5% to some 39 million euro, while Dall Bogg Zhivot i Zdrave posted a 74.5% rise to 73.2 million euro. DZI - Life Insurance climbed 24 places to 48th position in the ranking, while Dall Bogg Zhivot i Zdrave gained seven places to 39th spot.

Three Romanian companies - Grawe Romania Asigurare, BRD Asigurari de Viata and Generali Romania, followed with GWP increases of over 50% each.

The top 10 insurers ranked by GWP growth all came from Bulgaria and Romania.

In terms of profit, Slovenia once again dominated the ranking with a combined result of over 168 million euro. More than half, some 109 million euro, was generated by Zavarovalnica Triglav and Zavarovalnica Sava.

Romanian members of the ranking lagged behind in terms of profit, with a combined result of some 43 million euro. The country's overall performance was impacted by the fact that six of its entrants closed 2019 with a net loss. Groupama Asigurari posted the largest loss among all 100 members – of 12.6 million euro. Euroins Romania Asigurare Reasigurare and Asirom Vienna Insurance Group followed with losses of 9.1 million euro and 7.7 million euro, respectively.

The only members of the ranking outside Romania to post a loss in 2019 were Bulgaria's Groupama Insurance and North Macedonia's UNIQA AD. The two posted slim losses of 800,000 euro and 400,000 euro, respectively.

The Members of the ranking from Croatia, Serbia and Bulgaria all beat Romania in terms of profits. The Croatian entrants posted profits of 105.7 million euro, followed by Serbia with 95.3 million euro and Bulgaria with 66.4 million euro.

Slovenia and North Macedonia posted the highest number of new entrants – two each. Bulgaria, Bosnia and Herzegovina, Moldova and Montenegro followed with one each. The new entrant from Moldova - Grawe Carat Asigurari, was also the country's only representative in the ranking. The company entered the ranking in 97th place.

No insurers from Kosovo managed to cross the participation threshold, which stood at 12.2 million euro in this year's edition, of the ranking, slightly down from 12.5 million euro.

Slovenia's Triglav Pokojninska Druzba was the highest-ranked new entrant, sitting in 60th place.

METHODOLOGY

SEE TOP 100 insurers is a ranking of the largest insurers (excluding re-insurers) in Southeast Europe in terms of gross written premium from non-consolidated income statements for 2019. To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2019 and 2018, respectively. Local currency figures have been used when calculating year-on-year changes. All data is sourced from central banks, national commercial registers, financial supervision commissions, insurance associations, government and corporate websites, and companies themselves. The initial pool of companies exceeds 200 insurers.

Pandemic further underlines need for investment in digitisation

By Mario Tanev

Slovenia-based Triglav Group posted consolidated net profit of 83.9 million euro and 1,076.8 million euro in gross written premiums in 2019. The group employs over 5,200 people in six countries. Zavarovalnica Triglav, the biggest insurer within the group and in Southeast Europe, booked a net profit of 70.6 million euro and gross written premiums of 659.2 million euro in 2019.

David Benedek,
Member of the Management Board of Zavarovalnica Triglav

How did the Coronavirus pandemic affect your operations and what steps did you take in response to the challenges brought forth by the crisis?

Our mission is to create a safer future. We are realising this aim of our existence even this year when we are faced with the extraordinary circumstances and which marks 120 years of Triglav. The outbreak and spread of the virus have placed us in a situation where we had to employ a way of working that is different to what we had been used to. This has placed challenges in our way which we are jointly able to handle appropriately. When the epidemic was declared, our priority was to ensure the protection of the health of our employees, customers, partners and other stakeholders, which remains a concern in the future as well. We have successfully activated the business continuity plan on the markets that we serve.

Despite the extraordinary dynamics of development of these difficult conditions, we worked as a close-knit team numbering 5,200 associates and managed to put in place a method of work that ensures the maximum possible level of remote or distance process implementation during the epidemic. We are happy with how we were able to adapt to change. We enable customers to use our services via the already developed strategic solutions, e.g. omni-channel sales approach, digital and other remote operations solutions, whereby the pandemic mainly accelerated remote conclusion of insurance policies. This gave an additional impetus to the other planned development activities. All divisions of the company have adapted their processes and the method of work to the changed circumstances. Our mutual coordination and the speed of our response to the needs and wishes of our customers have been thoroughly demonstrated. This is confirmed by the positive responses of numerous associates and, last but not least, the good experience attested by our customers.

18.3%

Share of markets outside Slovenia in Triglav Group total premium in first half of 2020

Did the pandemic highlight any areas in need of improvement and will it affect your investment strategy?

The Triglav Group pursues a dynamic business activity that is conditioned by the broader environment, e.g. population ageing, financial market conditions, economic and political conditions, and finally the pandemic.

Changes are also coming from the industry itself as competition is becoming increasingly fiercer, risks are on the rise, legislation is changing, and all of this is topped off by the need for digitisation.

The third dimension is dictated by the customers through their needs and expectations. We strive to take these trends into account when devising our strategy. This makes it possible for us to respond even in these challenging circumstances whereby we are focusing on strategic orientations and make sure that our operations remain profitable and safe.

We should point out that the insurance business is highly regulated by stringent rules and supervision geared towards the protection of policyholders and other stakeholders. The pandemic further underlined the need for additional investment in the digitisation of operations.

Will we see any activity on the M&A front from Triglav in the near future, or will you be more focused on organic growth?

Our strategy focuses even more on the customer, further development of more collaborative and agile organisation and culture of the Group, and finally the assurance of long-term stability of operating profit as well as the increase in the value of the Triglav Group. Good results and consistent growth that have a positive effect on the development of the broader economic environment require continuous investment in development, knowledge and innovation as well as the creation of an incentivising and safe environment. It is on such foundations that it is then easier to conquer even the challenges we are facing now in this crisis.

We put in place a method of work that ensures the maximum possible level of remote process implementation

Customers can use our services via the omni-channel sales approach, digital and other remote operations solutions

Competition is becoming fiercer, risks are on the rise, legislation is changing

In line with our strategy, we will keep serving markets in six countries of Southeast Europe where we intend to grow organically; however, if and when opportunities for this arise, we do not exclude the option of M&A in the insurance business and asset management.

We continued to grow the insurance premium on markets outside Slovenia organically in the first half of 2020, whereby its share in the total premium of the group at the half-year mark rose to 18.3%.

What are your expectations regarding Triglav's financial performance this year and in 2021?

The spread of the Coronavirus and the onset of the pandemic brought about the deterioration of the macroeconomic environment and extreme volatility of global financial markets. Our operations remain profitable as outlined in our strategy. In the first half of the year, we generated 40.6 million euro worth of consolidated pre-tax profit. The 3% year-on-year decrease in the said profit is mainly the result of the deterioration of the situation on financial markets and partly also of mass losses and other one-off events. We achieved premium growth in all insurance markets and in all three insurance segments, and we recorded a 7% year-on-year increase in consolidated gross insurance premium, to 673.4 million euro.

40.6 mln euro

Triglav Group first-half pre-tax profit

We estimate 2021 consolidated insurance premium at around 1.2 billion euro as planned, pre-tax profit 10 to 25% below plan

The average of economic losses resulting from natural disasters is rising faster than the average of insured losses

We intend to continue to strengthen and consolidate the group's position outside Slovenia

Future economic and financial effects of the pandemic remain negative. We estimate that the annual insurance premium and the combined ratio of the Group will reach the planned values of around 1.2 billion euro and below 95%, while the annual pre-tax profit, which was initially planned at between 95 and 105 million euro, will probably be 10 to 25 per cent lower than planned.

We monitor the conditions caused by the COVID-19 pandemic on an ongoing basis. We estimate that the insurance and investment portfolios of the Triglav Group are sufficiently resilient and that the capital position is adequate for the Group to successfully tackle the elevated risks in the business environment caused by the pandemic.

Your financial performance this year was marked by several major CAT events. What are your expectations regarding the effect of climate change on the insurance market?

The operations of the Triglav Group in the first half of the year were affected by mass loss events, mainly the earthquake in Zagreb and hailstorms in Slovenia. Natural phenomena are normal, but are intrinsically the result of certain short and long-term changes in the environment. This is why it is also impossible to claim that they are only the consequence of climate change. Events that are the result of climate change are characterised mainly by the fact that they occur in "unusual" places, like droughts where there were none before, frost in the beginning of June, flooding in mid-December or January, etc., making them "unforeseeable".

We are also seeing an increasing trend of natural disasters that reflect climate change, which in turn means an increase in the scope of the resulting loss and poorly thought out man-made interventions into the environment. Owing to the developments in the global economy, population growth and higher concentration of wealth in exposed areas, economic consequences also increase. We are noticing that the average of economic losses resulting from natural disasters is rising faster than the average of insured losses. The first step towards lowering the difference between economic and insured losses is raising people's awareness about prevention and mitigation of losses and more rational interventions of society into the environment. This is also where the insurance industry plays an essential role in mitigating the consequences of climate change. The insurance industry is striving to incorporate expectations regarding climate change suitably into products so as to mitigate the consequences of natural disasters, make them operationally sustainable and interesting to customers, while at the same time encouraging preventive measures.

On which of the markets where Triglav is present do you see the biggest potential for growth? Is there a market segment where you expect a positive development in 2021?

Triglav Group plays an active role in the development of markets in the region. In line with our strategy, we build strategic partnerships with companies whose activities complement our business model. We also develop new digital business models that enable us to enter markets outside the existing region among other things. In doing so, we create an omnichannel approach by employing suitable activation of all sales channels, including bancassurance and sales between entities within the group.

Insurance markets in the region, i.e. from Croatia to North Macedonia, are regions with growth potential, mainly the largest markets of Croatia and Serbia. We intend to continue to strengthen and consolidate the group's position outside Slovenia, whereby our actions geared towards growth and development will be more prudent and aimed at growing the value of the group. Over the long-term horizon, we see opportunities for the growth of health, life and pension insurance products. We expect to see long-term growth of insurance markets in the region where we operate and consequently an increase in the share of the total premium that the Group records on markets outside Slovenia.

Our extensive digitalisation activities are paying off

Elisabeth Stadler has been chairwoman and CEO of Vienna Insurance Group since January 2016. She has been working in the insurance industry for more than 35 years now. She was member of the managing board of various companies of UNIQA Group, CEO of ERGO Austria International AG, CEO of Donau Versicherung, a member of Vienna Insurance Group. Stadler holds several positions on the supervisory board of companies of VIG Group and Austrian groups OMV and voestalpine.

Photo: Stephan Lipiarski

Elisabeth Stadler,
CEO Vienna Insurance Group

After 30 years of expansion across Central and Eastern Europe (CEE), which markets in the region bring the biggest value to VIG and where do you see the biggest potential for growth?

You have to imagine that we started our expansion to CEE in 1990 from Austria, one country, where we were represented with three companies, premiums of one billion euro and 5,600 employees. Today, 30 years later, we are number one in CEE, represented in 30 countries with about 50 companies gaining more than 10 billion euro premiums and over 25,000 employees. We are earning more than half of our premiums and profit in the CEE region now, which underlines that this region is a big asset for us and we still see a huge potential for growth in all our markets where we are operating. The average insurance density is about ten times lower than in Western Europe. Our biggest markets after our home country Austria are the Czech Republic, Poland, Slovakia, the Baltic States, Romania, Hungary, and Bulgaria. We also note a very good development in the Balkan countries, especially in Croatia and Serbia. Due to the low insurance density we see growth potential in all insurance segments. As I mentioned in an interview for SeeNews before, we expect a special expansion of the corporate customer business and health insurance in the Southeast Europe (SEE) region.

After exceeding the 10 billion euro premium threshold for the first time in 2019, what are your expectations for VIG's financial performance in 2020?

The corona pandemic has changed everything, including business plans and performance expectations. It must be taken into account that this situation is not a financial crisis, but a crisis of the real economy, which has consequences for the financial sector and thus also for insurance companies. As expected, we recorded a decline in new business in the first few weeks of the corona virus lockdown, but on the other hand more and more insurance policies were taken out online. This shows that our extensive digitalisation activities are paying off. We were able to achieve a quite good result for the first half of 2020 despite the coronavirus outbreak and even record an increase in premiums compared to the previous year. Currently it is not possible to predict how the remainder of the whole year will look like. The pandemic will accompany us for some time and the situation can change from one day to the next. We have decided not to publish any official expectations for this year.

The economic uncertainties affect the capital markets and thus our investments. We have begun to categorise our investments in such a way that we can estimate the real economic impact on our portfolio in sub-portfolios. That is why we have to re-evaluate some investments in some sectors, especially oil industry, automotive sector, tourism, and airlines are seen with higher risks. Apart from this, we are sticking to our investment strategy with a focus on good credit ratings for both sovereigns and companies. Irrespective of the current corona crisis, we intend to continue our strategy of increasing so-called green bonds.

The extent of the impact of the global shutdown on economies and individual companies is still in an evaluation process. In this respect, the focus on quality in the selection of individual investments plays a very special role. We assume that we will see a general wave of rating downgrades and must also expect that the investment portfolio will not remain unscathed. We also assume that the phase of low interest rates will continue at least in the medium term. We believe that the expected recession in 2020 can only be partially compensated in 2021. It can therefore not be ruled out that this will have an impact also on performances next year.

Regarding the development of our Group, I believe that three factors give us reason to be confident that we will deal with these unique circumstances as effectively as possible. Firstly, we have enjoyed great success in recent years and our 2019 balance sheet was strong. Secondly, our capital base is solid. And thirdly, we started the Agenda 2020 management programme in 2017 to enhance profitability and our ability to meet future challenges.

We expect expansion of the corporate customer business and health insurance in SEE

We have to re-evaluate investments in sectors such as oil industry, automotive, tourism and airlines

We intend to continue our strategy of increasing so-called green bonds

180

Digitisation projects running within VIG Group

How would you assess your progress under the Agenda 2020 strategic work programme and what will be the priorities of your next programme?

We are well on track with our Agenda 2020 programme and we continue to implement the measures also during the corona pandemic. As I mentioned before, we see now that the extensive digitisation measures implemented in the course of Agenda 2020 are paying off. I think that this field will take on even greater significance due to the coronavirus crisis within the insurance industry. Online transactions have increased during the last months and many of us have now taken advantage of online and digital services. They existed already before the coronavirus outbreak, but many people are now more aware that these simple options are available.

We expect that digital services will get a new push. That is why digitisation is a main topic for us within Agenda 2020. Currently, more than 180 digitisation projects are running within our Group and we are investing about 50 million euros in digitisation every year. We are already working intensively on a follow-up programme until 2025, which we will present next year. Here, too, of course, we are placing a special focus on the digital transformation, but also very much on further strengthening our profitability.

Do you expect the COVID-19 pandemic to create new opportunities for acquisitions in the region, or do you think insurance companies will be more reluctant to invest in inorganic growth?

That is difficult to say at the moment and we are currently not noticing that insurers are looking to withdraw from markets or that there are increased offers to sell. In principle, we are all in the same situation. Every insurance company is currently busy assessing the effects of the pandemic and is certainly somewhat reluctant to expand. At the same time, however, they will take advantage of very good opportunities, especially if they have a strong financial base, like us.

Will you be looking to enter the last few countries in the region in which you are not yet present?

We always look around and are generally interested in lucrative acquisitions. I always emphasize that we only buy if it is a profitable investment for us and fits to our portfolio and strategy. We also have enough opportunities to grow in our existing markets.

Do you see any impact from the EU's Green Deal on your operations in SEE?

Before the coronavirus outbreak , the environmental criteria have clearly been in the foreground of sustainable investments in the industry and I think that the Green Deal will not lose importance as a result of the corona crisis. I think that there may be delays in implementation, but not in the importance.

We must bear in mind that insurance companies are important providers of capital for national economies, thereby ensuring that the economy and, as a result, society, flourishes. They therefore make an important contribution to modern society. Our business, and the insurance business in general, is aimed at preserving value, primarily financial value, which creates security from one generation to the next.

However, acting sustainably and investing in environmental, social and governance (ESG) criteria means for us more than just generating financial security. Our priorities in that case also take into account future social and environmental trends. This means that we are actively working to create a future worth living. We are convinced that the insurance industry in general has recognised that investments in ESG criteria play an important role in strategic agendas in all of Europe and therefore also in SEE – regardless of whether out of their own strategic convictions or due to regulatory requirements or, above all, stakeholder demands. Investors and customers are increasingly keeping a closer eye on whether companies are active in this area or not. We see it as a positive development, if our activities can be a role model for other insurance companies.

Investors and customers are keeping a closer eye on whether companies are active in ESG investing.

We are actively working to create a future worth living

ALBANIA
SIGMA INTERALBANIAN
INTERSIG

AUSTRIA
WIENER STÄDTISCHE
Donau

BELARUS
КУПАЛА

BOSNIA-HERZEGOVINA
WIENER OSIGURANJE
vienna osiguranje

BULGARIA
BULSTRAD
BULSTRAD Life
novains
DOVERIE

CROATIA
WIENER OSIGURANJE

CZECH REPUBLIC
Kooperativa
ČPP
VIG Re

DENMARK
VIG

ESTONIA
bta
COMPENSA
Seesam

FRANCE
VIG Re

GEORGIA
GPI
IRAO

GERMANY
InterRisk
VIG Re

HUNGARY
UNION

ITALY
WIENER STÄDTISCHE

KOSOVO
SIGMA

LATVIA
bta
COMPENSA

LIECHTENSTEIN
VIENNA-LIFE

LITHUANIA
bta
COMPENSA

MOLDOVA
DONARIS

MONTENEGRO
Život WIENER STÄDTISCHE

NORTH MACEDONIA
WINNER
WINNER Life
ОСИГУРУВАЊЕ МАКЕДОНИЈА

NORWAY
VIG

POLAND
COMPENSA
InterRisk
Vienna Life
wiener

ROMANIA
OMNIASIG
Asirom
BCR ASIGURARI DE VIATA

SERBIA
WIENER STÄDTISCHE
WIENER RE Beograd

SLOVAKIA
Kooperativa
KOMUNÁLNA POISŤOVŇA

SLOVENIA
WIENER STÄDTISCHE

SWEDEN
VIG

TURKEY
RAY SİGORTA

UKRAINE
КНЯЖА
КНЯЖА life
УКРАЇНСЬКА СТРАХОВА ГРУПА

Status: July 2020

WE ARE **NUMBER 1**
IN AUSTRIA, CENTRAL AND EASTERN EUROPE.

VIG
VIENNA INSURANCE GROUP
Protecting what matters.

We aim to develop strong regional company

Kiril Boshov
EIG CEO and Eurohold
Chairman of Management Board

Euroins Insurance Group AD (EIG), owned by Eurohold Bulgaria, is one of the largest independent insurance groups in Southeastern Europe (SEE). EIG operates in 11 countries, has more than 2.5 million clients and over 3000 employees. www.eig.bg

Could you give us more details about EIG's financial performance and what is the impact of the company's M&A operations?

Seventeen years ago Euroins was a relatively small insurer with offices in several Bulgarian cities. It had a capital of 5 million levs, assets of 15 million levs and gross premium income of around 23 million levs. Today, EIG is a large insurance group with great potential for growth which operates in eleven countries in SEE and has leading positions in two of them - Romania and Bulgaria. EIG's capital reaches nearly 400 million levs and its assets surpass 1.1 billion levs. The gross premium income approaches 1 billion levs. We are also increasing our profitability. The group's pre-tax profit for the last year nearly doubled. The recent years were dynamic and full of challenges for us, but we managed to achieve a rare growth for a company based in Sofia.

The newly acquired companies in Eastern Europe contribute significantly to the growth of EIG. The efforts and experience of our management teams were crucial to the acquisition process. Our ability to identify potential deals and extract maximum value from the acquisitions was very useful in integrating new companies into the holding's structure and transferring the best practices from the other divisions of the holding.

Our regional focus also played a key role for the group's growth. While many of our competitors sought to globalize their business and wasted their efforts and time around the world, we focused on a narrower, regional approach and targeted markets that were very close to our business culture. This turned out to be far-sighted. We continue to develop and expand our business steadily in SEE and in the post-Soviet states.

How did the coronavirus pandemic affect EIG's financial indicators so far this year and what are your expectations going forward?

We have been performing well taking into account the COVID-19 effect. Most of our divisions have been reporting small declines so far. Only one of our two companies in Ukraine, that is specialized in travel insurance, has posted a bigger decline. The reason was that the COVID-19 pandemic had completely blocked the tourism sector for some period of time. Now the market is slowly recovering. The coronavirus crisis has seriously affected our clients among the tour operators in Bulgaria. However, we have continued to support them. We are the only one insurance company in Bulgaria offering a new product that is aimed to help tourists with vouchers. Our insurance product guarantees the vouchers for postponed trips and brings additional security for everyone who is affected. In Romania, we offer Travel assistance insurance that is very affordable for households. It covers the COVID-19 risk for all family members in case they travel on holiday to neighboring Bulgaria too. In this way we are also encouraging tourism exchange in the region.

The coronavirus pandemic has served as the first real test of companies' digitalisation efforts. How well did EIG handle the crisis and have you identified priority areas in need of improvement?

The quarantine measures in the context of COVID-19 accelerated the digitalisation of the insurance sector in general, including our group. Let me give you Romania as an example. We worked for 6 months on our project for digitalisation of the process of filing motor damages' claims and completed 75% of it before imposing the restrictive measures in the country. After the start of the quarantine we completed the remaining 25% of the project just in 72 hours in order to be able to serve our customers online.

The crisis forced us to increase fivefold the group's budget for digital solutions. We are currently implementing a project for digitalisation of 10 popular insurance products in three countries, including Bulgaria. We expect digital sales to increase in future.

Over the years, our insurance group has built financial stability by maintaining a solid investment portfolio, high liquidity and high capital buffer. The coverage of EIG's Solvency Capital Requirement (SCR) is above the regulatory requirements. It gives us stability and predictability in the current recession.

Will EIG continue to pursue acquisitions regardless of the uncertainty caused by the pandemic, or will you focus on organic growth?

The main goal at the moment is to strengthen our position in every country in which we operate. Our strategic goal remains to make EIG a strong regional group. Apart from Eastern Europe and the post-Soviet states, we are also interested in acquisitions in the Western Balkans.

Slovenia's Petrol keeps lead in SEE companies revenue per capita ranking

by Radomir Ralev

Slovenian energy company Petrol led the SEE TOP 20 revenue per capita ranking for the thirteenth consecutive year with revenue per capita of 1,747 euro in 2019 compared with 1,761 euro in 2018. The company took the fourth place in the overall ranking of the biggest companies in Southeast Europe for 2019, down from the second place a year earlier.

Slovenia, an EU member state of some two million and the only Eurozone member state in SEE, maintained its dominance in this year's edition of the revenue per capita ranking. As many as eleven Slovenian companies entered the list and seven of them were in the top ten of the chart. Moreover, companies based in Slovenia took four of the top five spots.

TOP 20 PER CAPITA

in euro

No.	SEE TOP 100 No.	Company name	Country	Per capita 2019	Per capita 2018
1	4	Petrol d.d.	Slovenia	1,747.14	1,760.88
2	12	GEN-I d.o.o.	Slovenia	1,092.06	1,158.40
3	17	Johnson Matthey DOOEL	North Macedonia	913.43	843.74
4	18	Revoz d.d.	Slovenia	863.39	859.20
5	19	Holding Slovenske Elektrarne d.o.o.	Slovenia	843.95	734.61
6	7	INA d.d.	Croatia	713.94	721.60
7	29	Krka d.d.	Slovenia	684.14	605.87
8	34	Poslovni Sistem Mercator d.d.	Slovenia	596.56	571.37
9	37	Lek d.d.	Slovenia	577.36	527.22
10	191	Elektroprivreda Crne Gore A.D.	Montenegro	542.10	522.94
11	5	Lukoil Neftochim Burgas AD	Bulgaria	468.16	429.03
12	54	Gorenje d.o.o.	Slovenia	428.14	405.75
13	250	Voli Trade D.O.O.	Montenegro	389.62	369.68
14	68	OMV Slovenija d.o.o.	Slovenia	384.63	388.07
15	72	IMPOL d.o.o.	Slovenia	375.57	387.21
16	10	JP Elektroprivreda Srbije	Serbia	355.75	336.08
17	11	Aurubis Bulgaria AD	Bulgaria	353.61	371.65
18	30	Hrvatska Elektroprivreda d.d.	Croatia	347.50	309.85
19	79	Interenergo d.o.o.	Slovenia	336.35	324.91
20	15	Naftna Industrija Srbije AD	Serbia	306.80	321.69

Slovenia's Petrol, Bulgaria's Lukoil Neftochim Burgas and Croatia's INA were the only entrants in the SEE TOP 20 Per Capita ranking, which were also among the top 10 in the SEE TOP 100 companies ranking.

Romania, the region's biggest economy and most populated country of 20 million, had no entries in the top 20 per capita ranking for yet another year.

Seven entrants in the ranking saw their revenue per capita decline versus five a year earlier.

However, the average revenue per capita of the companies in the chart rose to 616 euro in 2019 from 597.5 euro in 2018.

Slovenian energy company GEN-I took the silver for the fifth year in a row, although its revenue per capita declined to 1,092 euro from 1,158 euro a year earlier.

The North Macedonia-based unit of UK specialty chemicals company Johnson Matthey gained one position and ranked third with 8.3% growth in revenue per capita to 913 euro. Johnson Matthey ousted Revoz, the Slovenian unit of France's Renault, from the third position. For its part, Revoz ranked fourth with a slim 0.5% rise of revenue per capita. This was the only change in the top ten of the ranking.

The 2019 edition of the ranking welcomed two newcomers – Croatia's Hrvatska Elektroprivreda, which ranked 18th, and Serbia's Naftna Industrija Srbije (NIS) in 20th place. They replaced Montenegro's China Road & Bridge Corporation (CRBC) and Telekom Slovenije.

Voli Trade and Elektroprivreda Crne Gore, the two Montenegrin representatives in the ranking, were also the only two entrants which were not part of the SEE TOP 100 companies ranking in 2019.

In a breakdown by sector, power utilities again dominated the per capita ranking in 2019, followed by companies from the oil and gas sector. The pharma and retail sectors had two representatives each in the face of Slovenian retailer Poslovni Sistem Mercator and Montenegrin sector player Voli Trade, and Slovenian drug makers Krka and Lek.

METHODOLOGY

SEE TOP 100 per capita is a ranking based on the same pool of more than 2,900 companies as in SEE TOP 100. The ranking is compiled by dividing the total revenue in euro of each company by the population estimate in the country of registration for the respective year. This benchmark indicates the importance of individual companies for the local economies.

BA Glass Bulgaria, Astra Bioplant most dynamic among SEE TOP 100

By Radomir Ralev

Two Bulgarian companies - a unit of Portuguese glass packaging manufacturer BA Group and vegetable oils and biodiesel maker Astra Bioplant - topped the ranking of the most dynamic companies among the SEE TOP 100 entrants.

MOST DYNAMIC COMPANIES

No	SEE TOP 100 No	Company name	Country	Industry	Y/Y Change in revenue 2019
1	98	BA Glass Bulgaria AD	Bulgaria	Glass Products	372.60%
2	44	Astra Bioplant EOOD	Bulgaria	Petroleum/Natural Gas	61.12%
3	48	CFR SA	Romania	Transportation	33.09%
4	56	Tigar Tyres DOO	Serbia	Rubber Products	27.40%
5	96	Societatea Nationala de Transport Gaze Naturale Transgaz SA	Romania	Petroleum/Natural Gas	24.91%
6	16	Lidl Discount SRL	Romania	Wholesale/Retail	24.57%
7	70	Robert Bosch SRL	Romania	Car Parts	23.76%
8	99	Lidl Bulgaria EOOD and KO KD	Bulgaria	Wholesale/Retail	23.67%
9	24	Profi Rom Food SRL	Romania	Wholesale/Retail	22.65%
10	82	AETs Kozloduy EAD	Bulgaria	Electricity	18.95%

BA Glass Bulgaria, former Drujba Glassworks, saw its revenue soar by an impressive 373% in 2019, two years after Greek glassmaker Yioula sold it to the Portuguese group. Its new owner launched a 205 million euro investment plan for the expansion of its production capacity by 2024. BA Glass intends to build two new furnaces to double the production capacity of its facilities in Bulgaria. The company currently operates two furnaces in the country - in Sofia and Plovdiv.

Astra Bioplant achieved a 61% revenue rise to 984.5 million euro in 2019. Astra Bioplant claims it holds a 5% market share in Europe's alternative fuel market. Its biggest foreign clients are UK-based Petroineos Trading, Hungary's MOL, Romania's OMV Petrom and KazMunay Gas Trading. In Bulgaria it sells its produce to the units of Russia's Lukoil and Romania's Rompetrol, Saksa and Insa Oil. In 2019 the company launched a project to expand the capacity of its installation for biodiesel from 60,000 tonnes to 100,000 tonnes annually.

Romanian state-owned railway infrastructure operator CFR claimed the third place in the ranking of revenue gainers with a hefty rise of 33% to 929.5 million euro in 2019. CFR, Romania's Transgaz and Bulgarian nuclear power plant (NPP) Kozloduy were the only state-owned companies in the chart.

In 2019 the NPP produced 16.3 million MWh of electricity, exceeding the all-time high annual output generated in 2011.

The ranking of the most dynamic companies included only Bulgarian and Romanian companies, with the sole exception being Serbia's Tigar Tyres, one of the country's top 10 exporters. Serbia had two representatives in the previous year, while Bosnia and Croatia had one each.

Wholesalers and retailers marked a return to the ranking, as their number in the 2019 chart went up to three from only one in 2018. Two of the representatives of the sector were subsidiaries of German discount chain Lidl in Romania and Bulgaria, each of them recording a revenue rise of more than 20% on the back of a rapid expansion across the region. The other sector player was Romania's Profi Rom Food, which last year completed the takeover of 18 stores of local retailer Pram Maya.

The representation of oil and gas sector players fell to two - Astra Bioplant and Romania's Transgaz, from four in the previous year. The revenue of Transgaz went up 25%, as the company's income from construction activity nearly doubled. However, operating revenue before balancing and construction activity edged down by an annual 2%.

The car parts industry managed to send a single company into the Top 10 most dynamic list after having no representatives last year.

The Romanian unit of Robert Bosch ranked seventh in the chart with a solid 24% increase in revenue. Bosch invested approximately 360 million lei in Romania in 2019, mainly in the development of its plants within the Mobility Solutions division in Cluj and Blaj, as well as in research and development.

METHODOLOGY

Most dynamic ranking comprises the 10 companies with the highest change in revenue among the SEE TOP 100 entrants. The ranking is based on the year-on-year percentage change in the companies' revenues calculated in local currencies. In order to ensure fair comparison, companies established after 2017 are omitted.

New entrant helps pharmaceuticals outshine peers in most profitable industry ranking

By Mario Tanev

The members of the SEE TOP 100 ranking from the pharmaceutical sector claimed the bragging rights in this year's edition of the most profitable industry ranking by posting a return on revenue more than double that of the second-ranked glass products industry. Pharmaceuticals climbed to the top with a return on revenue of 15.2%, after ranking third a year earlier.

The pharmaceuticals sector received a boost from a new member of this year's edition of the ranking – Croatia's Pliva Hrvatska, part of Teva Group. The company claimed the 90th spot in the SEE TOP 100 ranking on revenue of 639 million euro. Pliva Hrvatska boosted its net profit to over 132 million euro in 2019 from 15.3 million euro in 2018, leaving the company with a return on revenue of 20.7% in 2019. As much as 90% of the company's total revenue comes from exports, mostly to the U.S. The rise in revenue reflects higher sales and the one-time effect of the commercialisation of part of the company's development projects, the head of Pliva, Mihael Furjan, has told local media.

The industry was also represented by Slovenian giants Krka and Lek, which generated revenue of over 1 billion euro each. Krka boasted a net profit of nearly 250 million euro, or a return on revenue of 17.46%. Lek followed with a net profit of some 116 million euro and a more modest return on revenue, of 9.61%.

The glass industry claimed the second place thanks to a new member of the SEE TOP 100 ranking – BA Glass Bulgaria, which was the only glassmaker in the ranking. BA Glass Bulgaria benefited from increased investment after it was acquired by Portugal's BA Vidro from Greek glassmaker Yioula in 2017. The new owner launched a major makeover at the company's production bases in Sofia and Plovdiv. On the back of its increased capacity, BA Glass Bulgaria boosted its revenue nearly five times to 597 million euro in 2019 from 126 million euro in 2018, while its profit more than doubled to 40.9 million levs from 19.1 million levs in 2018. The company entered the Top 100 ranking at 98th place, but ranked 35th in terms of profit. Thus, with a return on revenue of 6.85%, BA Glass Bulgaria sent the glass industry in second place.

SEE INDUSTRIAL RANKING 2019

	Industry	Return on Revenue 2019
1	Pharmaceuticals	15.20%
2	Glass Products	6.85%
3	Rubber/Rubber Products	6.38%
4	Chemicals	4.05%
5	Food/Drinks/Tobacco	3.98%
6	Construction	3.94%
7	Petroleum/Natural Gas	3.84%
8	Electricity	3.62%
9	Metals	3.44%
10	Wholesale/Retail	3.35%

The bronze medal in this year's edition of the most profitable industry ranking was claimed by the rubber and rubber products sector, which was mostly backed by Romania's Continental Automotive Products. Despite registering a decrease in both profit and revenue, Continental Automotive Products remained the sector's top performer with a return on revenue of 10.8%.

The other company to post a return on revenue above the industry average was Serbian tyre maker Tigar Tyres, which posted a return on revenue of 8.65% in 2019. The company was the largest representative of the rubber and rubber products industry by revenue, of 890 million euro, in 2019.

The industry was also represented by two other companies - Michelin Romania and Pirelli Tyres Romania, which generated a return on revenue of 3.20% and 2.33%, respectively.

Looking back at last year's top three, only the pharmaceuticals industry enjoyed back-to-back profitable years. The most profitable industry in 2018 – transportation, dropped out of the top 10 chart this year, while the second-placed metals industry slid all the way down to the ninth place in 2019.

METHODOLOGY

The SEE industrial ranking pools together the revenue generated by all companies in SEE TOP 100 and ranks sectors by cumulative revenue. Year-on-year changes in the sectors' total revenue have been calculated using the figures in euro. The comparative figures for 2018 are revised to allow a fair comparison. The sub-ranking of the industries with the highest return on revenue was calculated by dividing the cumulative net profit/loss within each industry by the cumulative revenue. We have based our rankings on an industry classification which treats filling station operators and gas trading/distribution companies as petroleum/natural gas companies, pharmacies and pharmaceutical distributors as wholesale/retail, and automotive and car parts manufacturers, and sellers as automobiles.

Aurubis

Metals for Progress

Aurubis Bulgaria starts The Copper Mark certification, to carry out four-year investment programme in full amount

Tim Kurth is Chief Executive Officer of Aurubis Bulgaria and President of the German-Bulgarian Chamber of Industry and Commerce. He started his career in Unilever and continued in Numico. In 2006 he joined Norddeutsche Affinerie (now Aurubis AG) where he held different senior management positions, including Group Innovation Manager and Vice President Corporate Logistics, before taking his present position in Bulgaria in 2014.

Aurubis Bulgaria is part of Aurubis AG, a leading international multi-metal producer based in Hamburg, Germany. In Bulgaria Aurubis operates the copper plant near Zlatitsa and Pirdop in the region of Srednogorie. The company is the second largest business entity in Bulgaria in terms of annual revenues and has a structural role for country's economy.

Tim Kurth, CEO of Aurubis Bulgaria

How did Aurubis Bulgaria handle the coronavirus crisis in terms of supply chains?

For Aurubis Bulgaria, our supply chains are of different length and we are sourcing quite a lot of raw materials locally from Bulgaria and from the region. The same applies for our customers - we've got big customers in Bulgaria and in the region. Internally, we consistently follow very strict anti-epidemic measures. To keep our people together and our relations with the communities relatively unaffected, we decided not to cancel the public projects we had planned. We migrated online and hold events in remotely.

What are your expectations about the performance of Aurubis Bulgaria for the full financial year?

Compared to last year we expect, looking at the first three quarters, that the financial result will be close to the forecast.

Two years ago, you announced a 132 million euro investment in the Pirdop plant. How far have you progressed with the investment and what remains to be done?

This programme continues without any interruptions. We are going to execute it in its full amount. The programme includes investment in R&D and the plant's infrastructure upgrade - we are going to do all of these. There is no reason to expect any shortage because of suppliers not being able to deliver or because of shortage of human resources. So far, we do not plan to change our four-year ongoing investment program.

In line with your strategy for the development of the Pirdop plant you recently announced an investment in a solar plant that is going to be built by CEZ Esco. Are you planning any further investments to help the Pirdop plant stick to the European Green Deal roadmap?

We are quite proud that we have been able to fix that deal, which will help meet the electricity demands of the Pirdop plant. The gasification of the region through a pipe from Panagyurishte is also on its way. After long discussions, we now hope that in a reasonable timeframe the gas will arrive in the Srednogorie and we are preparing to connect our internal network.

We are also proud that the Aurubis Group decided that the plant in Pirdop is the first one within the group to go for the Copper Mark – a new sector certification related to the United Nations sustainable development code which covers requirements for label safety, environment, human rights, relations with communities.

Do you see any synergies and potential for optimisation at the Pirdop plant following your recent acquisition of the Metallo group and software developer Azeti?

Metallo are active in recycling and the non-copper metals business and our strategy says that we would like to grow also in those directions. This deal is especially important for us these days when the scrap markets are quite favorable and, especially, when we discuss closing the loop of the circular economy and transforming used materials back into useful and usable materials. Here in Bulgaria we are not so dependent on the scrap market, we take as raw materials 50,000-60,000 tonnes of copper for recycling but we do believe that with a know-how player in our group we can enter new markets.

Regarding Azeti, because of our specific business model and requirements towards IT solutions, we would be in better hands with a flexible software provider. Azeti is quite a nice fit for the Aurubis Group with their tailor-made IT solutions for us. We are anyhow working in that direction already - with digitalisation and automated processes not only in production and operation but also in the administration.

Will this result in extension of the capacity of the Pirdop plant?

Not automatically. We have undergone quite big investment projects regarding operations and production during the last years and we are now in a phase where we would like to stabilise them and see that we are able to have this high output in the long term. We do hope also that IT tools and automation can help cope with the massive amount of data. We are sure that Azeti and their expertise will help us there a lot.

The Pirdop plant will be the first one within Aurubis Group to go for the Copper Mark standard

We are already working on digitalisation and automated processes in production, operation and in the administration

A successful business should be a responsible citizen as well

ContourGlobal Maritsa East 3 owns and manages the first lignite-fired thermal power plant in Southeast Europe, which operates in full compliance with the highest European standards for occupational safety and environmental protection. The power plant generates 10% of Bulgaria's annual electricity production, using local energy sources and thus contributing to ensuring the energy security and independence of the country. Over 1.4 billion levs have been invested in guaranteeing the TPP's reliable operation, and in environmental protection measures. Its shareholders are the international energy company ContourGlobal (with a 73% stake) and the National Electricity Company (27%).

With the outbreak of the coronavirus pandemic in the spring, ContourGlobal, as a global investor with business in 21 countries across three continents, decided to restructure its 2020 Social Investment Strategy to better support the fight against COVID-19 in the countries where it operates. The substantial budget that ContourGlobal allocates annually to social investment has been entirely redirected to help tackle the coronavirus pandemic, focusing on the worst-hit parts of the world and where local communities are most in need of support.

ContourGlobal Maritsa East 3 donates to the United Against COVID-19 Fund

Following this social strategy, in April ContourGlobal Maritsa East 3 TPP donated 100,000 levs to manage the coronavirus epidemic in Bulgaria. The funds were directed to the United Against COVID-19 Fund, established under the initiative of the Bulgarian Donors' Forum (BDF), the America for Bulgaria Foundation, the American Chamber of Commerce and the United States Embassy in Bulgaria. The fund's goal was to pool the efforts of responsible businesses in the country and support medical institutions and local communities across the country by funding projects for overcoming the healthcare and social consequences of the pandemic.

"We are part of the local community and we cannot remain indifferent in this complicated situation for everyone. Our goal was to help increase the response potential of healthcare facilities and healthcare professionals who are on the frontline in the fight against the virus. We are glad that the fund managed to raise over 1 million levs within a short period of time and the funding reached over 700,000 people in hundreds of towns and villages across the country," says Krassimir Nenov, Executive Director of ContourGlobal Maritsa East 3.

The United Against COVID-19 Fund helped medical institutions and non-governmental organisations, engaged in caring for the most vulnerable groups of the population – the elderly living alone, the ailing, the unemployed, the poor and the children, by providing them with food, medical supplies and protective equipment. The money raised supported 106 projects in 28 hospitals, eight specialised healthcare centers, 15 municipalities, 37 non-profit organisations, two schools and eight micro-businesses. Most of the funds were allocated to municipal hospitals and medical centres in small towns and villages, including Stara Zagora and the Galabovo municipality where ContourGlobal Maritsa East 3 TPP is located.

"In these difficult times which are putting to test the capability of our healthcare system, we wanted to lend a hand to everyone working on the frontline. We believe that the business must take its important part in the fight against COVID-19, "Nenov adds.

ContourGlobal Maritsa East 3 TPP is one of the largest donors in the region of Stara Zagora and Galabovo. The unexpected spread of the dangerous virus made the company revise some of the planned investments under the Beyond Energy corporate social responsibility programme. "Some of our plans were postponed due to the social distancing measures that were introduced, others are being redesigned so as to be of maximum benefit to the local community in these unforeseen circumstances," says Nadya Sinigerska-Bohorova, Corporate Social Responsibility and Sustainable Development Manager at ContourGlobal Maritsa East 3.

"We are working on many new projects that are directly or indirectly related to the fight against COVID-19 and will benefit different groups. With our partners from the United Nations Global Compact Network Bulgaria, the Bulgarian Donors' Forum and the Bulgarian Fund for Women, for example, we identified

the need to support crisis centres for violence victims," she notes, adding, " That is why we are currently implementing a project for the full renovation and re-equipment of the Samaritan House - the crisis centre in Stara Zagora, providing healthy conditions for both clients and staff of the social service."

"At ContourGlobal Maritsa East 3 TPP, we have always believed that a successful business should be a responsible citizen, taking care of the community in which it operates," she comments.

Providing capacity in COVID-19 conditions: The experience of ContourGlobal Maritsa East 3 TPP

During the pandemic, ContourGlobal Maritsa East 3 TPP continues to contribute to the energy security of the country through the reliable operation of its production capacities. The power plant produced 1% of the total electricity consumed in the country in the January 1 - May 31 period under the strictest sanitary and restrictive measures. Even before the epidemic situation deteriorated, ContourGlobal Maritsa East 3 TPP updated its contingency plan to ensure the uninterrupted operation of its 908 MW capacity, including the possibility to operate in isolation, if necessary.

"With the emergence of the COVID-19 threat, we were aware that the power plant needed urgent measures to ensure the employees' safety in the first place, as that is of paramount importance for any organisation. It is clear to all that even the most up-to-date facility cannot function without a healthy and well-trained team," says Nikolay Kolev, Health, Safety and Security Manager at ContourGlobal Maritsa East 3. "This is not only about our employees but about everyone who works on the power plant's premises - subcontractors, suppliers, visitors."

The employees and subcontractors with whom the plant works underwent special emergency training and the access of outsiders was restricted as much as possible. "We reorganised the work of our entire staff, and for those employees whose functions do not necessarily require them to be on site at the power plant, we created conditions for working remotely from home," Kolev adds.

Everyone who enters the TPP must go through a body temperature measurement with a remote thermometer and hand disinfection. Additional measures have been taken for permanent disinfection of workplaces, portals, sanitary and shared areas in the power plant. The vehicles with which the employees commute to work, as well as the

ContourGlobal Maritsa East 3 TPP is one of the largest donors in the region of Stara Zagora and Galabovo

In these difficult times which are putting to test the capability of our healthcare system, we wanted to lend a hand to everyone working on the frontline

heavy mechanization are also subject to disinfection. The power plant provides protective equipment and organises the work process in a way that creates a distance between employees of at least two metres. When people need to come in close contact, wearing additional personal protective equipment such as masks, gloves and goggles is mandatory.

The power plant employs nearly 500 people, plus more than 1,000 subcontractors. Adding the supply companies and the subcontractors from the Stara Zagora region, the indirect employment reaches more than 4,000 people.

At the beginning of July, ContourGlobal Maritsa East 3 TPP started the annual planned overhaul of its capacities. The works, engaging additional external partners, are being carried out under the strictest safety measures in view of the COVID-19 pandemic. All employees and subcontractors are subjected to regular PCR tests for virus detection before being admitted to the TPP's site. During the overhaul, more than 1,000 people from over 12 external companies work daily on the territory of the power plant.

The large-scale modernisation of the power plant performed a few years ago resulted in extending the plant life by at least 15 years. A large part of the investment was dedicated to improving the plant's environmental performance, making it the first lignite-fired plant in Southeast Europe which complies with the highest European environmental norms. In recent years ContourGlobal made additional investments for improving the environmental performance of the plant ensuring that it complies with stricter emission norms.

ContourGlobal Maritsa East 3 TPP tests virtual monitoring technologies

Earlier in 2020, ContourGlobal Maritsa East 3 TPP introduced virtual monitoring technology, which allows for remote safety inspections, as well as for providing, in case of need, remote technical support, with minimal human presence at the specific location. The innovation is based on smart glasses and web connectivity via smartphone to a remote electronic device, which broadcast video in real time and allow for interactive collaboration between remote teams of experts and a specialist wearing smart glasses on site. This innovation is particularly useful today, in a global pandemic, as it minimises the need to gather many people in one place and allows the involvement of professionals from around the world. The technology allows for remote audits and besides ContourGlobal Maritsa East 3 TPP, it is being applied in all other ContourGlobal power plants. “The last few months have necessitated maximum mobilisation of the technological resources we have at our disposal to meet the challenges of the pandemic. The opportunity to cooperate with colleagues from several continents in the search for innovative solutions and practices contributes to the safe operation of the plant," says Nenov.

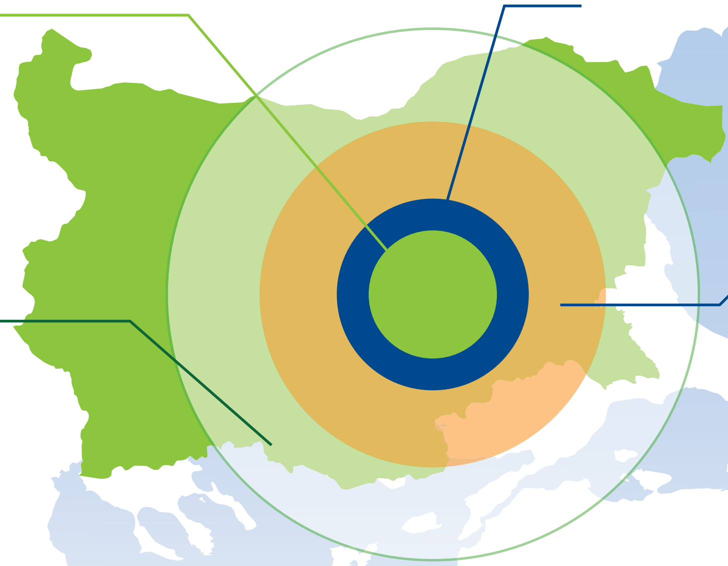
The supply of the company's European assets with virtual smart glasses began in April, and the training of the teams to work with them lasted about a month. Video connection allows the involvement of multinational teams in solving various problems and adapting common rules in the company's various power plants around the world. ContourGlobal has been implementing similar technological innovations in several of its TPPs since 2019. As part of the preventive measures for optimising operation in a global pandemic, ContourGlobal also performed successful tests of systems for remote control and work in isolation mode in some of its power plants.

ContourGlobal
Maritsa East 3

ContourGlobal Maritsa East 3 is the second largest thermal power plant in Bulgaria operating on lignite coal solely extracted locally in the Maritsa East basin. As a result of the large-scale plant rehabilitation and modernization project – the first major investment project in the energy sector in South East Europe, financed without state guarantees – ContourGlobal Maritsa East 3 TPP is the first thermal lignite coal-fired power plant on the Balkan Peninsula, which is fully compliant with the highest European health and safety and environmental standards. With an installed capacity of 908 MW, the power plant generates 10% of the annual electricity production in Bulgaria. In this way ContourGlobal Maritsa East 3 contributes to ensuring the energy security and independence of the country by supplying clean and reliable energy at a competitive price using local resources and providing quality employment for the people in the region.

7% OF INSTALLED CAPACITIES IN THE COUNTRY

10% OF ANNUAL ENERGY PRODUCTION IN BULGARIA



500 DIRECT JOBS

4000+ INDIRECT JOBS

25% OF THE LIGNITE PRODUCED BY MARITSA EAST MINES

Through its “Beyond Energy” long-term Social Investment Program the company, as a responsible corporate citizen, also invests in developing and improving the standard of living of the local community by supporting projects in the fields of education, culture, sport, healthcare, ecology and preservation of local traditions.

POWER FOR BULGARIA

480 BGN MILLION INVESTMENTS – ENVIRONMENTAL PROTECTION, HEALTH & SAFETY

965 BGN MILLION INVESTMENTS – ENSURING RELIABLE OPERATION, EXTENDING PLANT LIFE

9 BGN MILLION INVESTMENTS – SOCIAL INVESTMENTS FOR THE LOCAL COMMUNITY

SEE needs to prioritise knowledge economy to catch up with EU's GDP levels

By Nevena Krasteva

The Association for Innovation, Business Excellence, Services and Technology (AIBEST) is an independent industry organisation whose objective is to position Bulgaria as a leader for knowledge - intensive products, services, and solutions, and a globally recognised destination for educated talent. The association brings together companies from all spheres of the modern business services industry – companies offering services related to BPO, ITO, KPO, LPO, HRO and others.

Ilia Krustev
Chairman of AIBEST Managing Board

How is the knowledge economy in Southeast Europe (SEE) sailing through the crisis?

After the initial stress due to uncertainties related mainly to cash flows, R&D strategies and new projects, the companies made a smooth transition to work from home, thus avoiding interruptions in their activity. In the third quarter, their operations started to return to normal in terms of volume, revenue and new projects. The expectations are that by the fourth quarter of 2020 more new projects will be launched and more companies and investors will be looking to diversify their risk in view of global developments.

The Covid-19 outbreak was a very serious challenge for companies operating in territories lacking the infrastructure needed for a switch to work-from-home mode, like many of the countries in Asia and some countries in Europe. Some of the new projects and new investments in Bulgaria and in the whole region are related to a reformatting and a review of the way in which these companies operate globally, and a relocation of business to regions which are closer to the companies' headquarters, both in terms of culture and infrastructure.

How well positioned is the region to take advantage of such a shift?

Our region is generally well positioned, especially some of the countries when it comes to infrastructure and membership in the European Union. Considerations related to time difference and proximity to big markets come into play to our advantage. The extent to which we avail ourselves of this opportunity in the next year or two will be crucial with regard to how this region emerges from the crisis, how well it positions itself in respect to its global competitors and how quickly it catches up with the older members of the EU in terms of GDP levels.

Two of the countries in the region - Bulgaria and Romania – have established themselves over past two years as destinations where business can be done, where R&D is possible and the economy is developing rapidly. A startup scene has emerged here, funds are investing in these startups and great events are taking place that are relevant for the whole of Europe.

From a purely geographical perspective too this region is attractive as it is the gateway to both Europe and Asia. At the same time, it is farthest from the centre of Europe which makes it attractive pricewise as these countries are part of the EU, yet costs are still below the EU levels.

What is holding the region back from tapping its full potential?

One such thing is education. Education is a major challenge across the region. Education here is based on good foundations as far as the local economies used to be part of the former Communist bloc, yet it has still not been fully reformed. This transition period, especially in higher education, has been taking too long. We are facing some serious issues stemming from whether we have good enough universities that can help retain young people here instead of making those young people choose to attend Western universities. For me, this is one of the key challenges in terms of how these economies can preserve their most valuable resource – the people – and how, going forward, they make investors perceive them as a place where you can do business and where you can find skilled labour, co-founders and other key players.

Another challenge across the region is the way in which the governments treat foreign investors. The sales and marketing activities of these countries are rather weak in general. Viewed from the outside, the region seems too fragmented. These small markets have two possible success strategies - either to focus on their key economic advantages and market them in an aggressive and very straightforward way, or to find a regional common ground and act as a common market that can ultimately integrate in the EU the countries of the Western Balkans. Such a common market would allow for upselling between companies, exchange of know-how between companies and educational institutions and exchange of know-how in regulations, so that if foreign investors enter one country, they would have access to the whole region. Ultimately, these economies are too small to compete with each other rather than with the global environment in which they operate.

In this situation, the markets here have the opportunity to catch up much more quickly with the bigger markets which have a set of other issues weighing on them. Depending on how governments act, they can turn this situation either to their benefit, or to their disadvantage.

If knowledge economy becomes a top priority for a state or the whole region, a lot of things can be done in respect to the regulations. These things are simple but they can have a huge impact on the markets and help attract people. Such simple things, for example, involve changes to the labour legislation in all countries, which in many respects is a heritage of the Socialist past. In one form or another, this legislation is protecting old industries so as to avoid social tension that could spill over into politics. On the other hand, we have the EU with its priorities in digitisation, the Green Deal, etc. and the regulator is caught in a situation where any movement forward, if at all, is very slow.

Work from home legislation, issuing of work visas for non-EU nationals should be streamlined

One simple example is the legislation regulating work from home. During the Covid outbreak a number of expatriates returned home. We have the opportunity to retain them, and one of the conditions for this is the labour legislation which should make it easy for them to be moveable and work from any place. The countries in the region are quite a nice place to live in and if we have the freedom to work from wherever we want and this is regulated in an adequate way, many digital nomads could choose to live for several years in Southeast Europe, not necessarily in Bulgaria all the time. What matters is that they have this option.

Another thing is the process of issuing work visas to people from non-EU countries. This is still a very cumbersome procedure which hinders the development of the knowledge economy in the region.

A key thing about knowledge economy is that it is not based on natural resources but on human resources. These people are super flexible, adaptive, ready to move from one place to another and you need to provide them with conditions that are as close as possible to what they expect and comparable to what they can get in other parts of the world. From this point of view, one of the key challenges in the region is whether it will be able to give rise to companies that are attractive on a global scale and have soft power. A key factor for these people who are crucial to the development of the economies is that they are increasingly interested in global issues and want to commit to a brand. This brand could be a state, or a company which is active in respect to these global issues that are usually related to human rights or environmental problems, etc. I do not think we have reached the stage where the countries in the region acknowledge the fact that the image they project and the statement they make in respect to these issues plays a very important role in what type of people they can attract and retain in their economies.

SEE and the Green Deal: catching up or falling behind?

By Liliya Goranova,
Head of SeeNews Insights

In mid-December 2019, the newly appointed President of the European Commission, Ursula von der Leyen, unveiled the bloc's plans to reach carbon-neutrality by 2050 under a set of initiatives known as the European Green Deal. A few months later, policymakers and experts throughout the continent voiced fears that the ambitious goal will be forsaken in the wake of the COVID-19 pandemic and the related unprecedented restrictions that limited business activity globally, triggering an economic crisis. In response, the Commission proposed a recovery package that puts a special emphasis on the green objectives and von der Leyen touted the Green Deal as the "motor" for the EU's economic recovery after the pandemic. In her State of the Union speech in September, she noted that 30% of the planned 750-billion euro package will be raised through green bonds and that 37% of the funding will be invested in achieving the objectives of the Green Deal. She also signalled the EU's intention to raise the target for reduction of greenhouse gas emissions by 2030 to 55% of the 1990 levels from the previously targeted 40%.
The Green Deal will obviously be pivotal for Europe in the next decade and not catching up with an increasingly ambitious EU creates a risk for any member state's economy. Where does Southeast Europe (SEE) stand in this context?

Though renewable energy, hydropower and bioenergy in particular, already plays a significant role in SEE, most countries in the region find it challenging to phase out their obsolete fossil fuel plants and increase the share of renewables in their energy mix. This is evident by the final National Energy and Climate Plans (NECPs) that each member state submitted to the Commission earlier in 2020.

In their individual NECP each member state had to determine its national contribution towards the energy-climate targets and the objectives of the Energy Union over the ten years to 2030. The Commission published its individual assessment of each plan in mid-October. A quick glance at the NECPs of the 27 member states reveals obvious ambition gaps between the four SEE members of the Union – Bulgaria, Croatia, Romania and Slovenia-- and the rest of the Union.

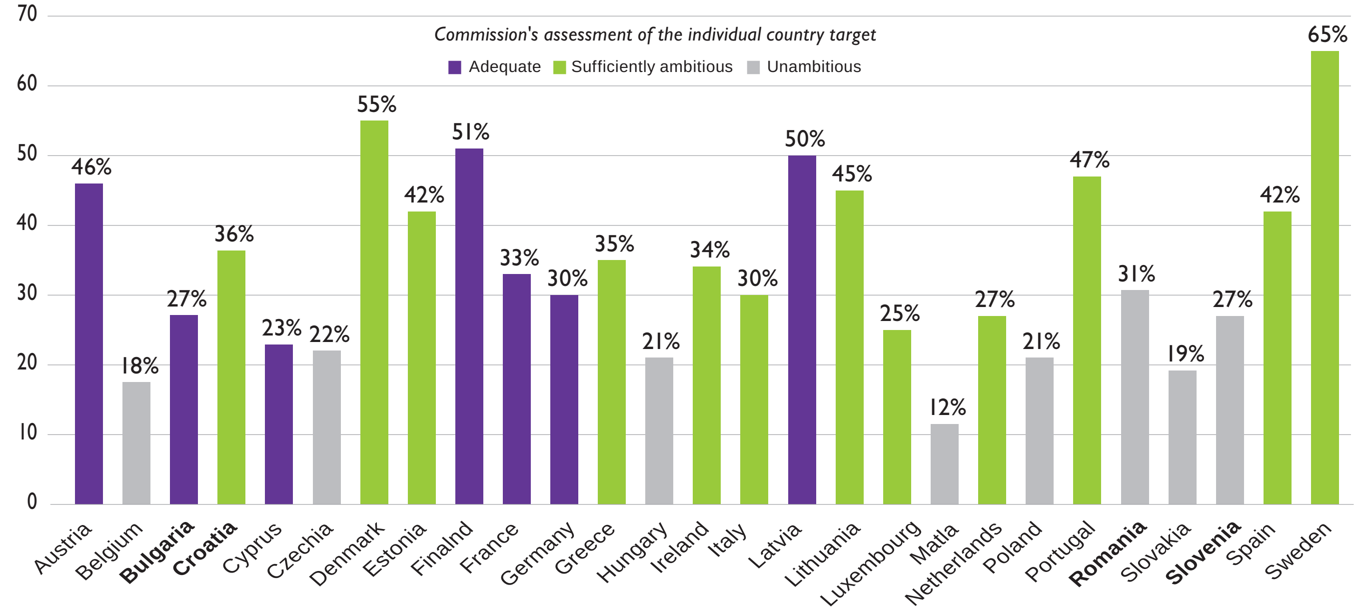
The most staggering finding is that none of these four countries has committed to a coal phase-out over the next ten years. Slovenia, for example, is currently only considering a phase-out and has committed to presenting a strategy for just and fair transition in 2021 at the latest as well as to reducing the use of coal for electricity generation by at least 30% until 2030. However, the NECP does not outline a date by which the country will stop using coal altogether. Notably, Slovenia launched in 2015 the controversial unit 6 of the Sostanj coal-fired power plant, which is currently expected to operate at least until 2050. The rest of the SEE member states do not plan a coal phase-out at all, along with Poland. For comparison, seven EU members are already coal-free while 14 others plan to finalise their energy transition between 2020 and 2038.

> None of the four EU member states in Southeast Europe has committed to a coal phase-out over the next ten years

The SEE countries' reluctance to transition away from fossil fuels is not without a foundation. Coal and lignite on average accounted for about 22% of electricity production in the four SEE EU member states in 2018, according to the latest available Eurostat data. In the case of Bulgaria, the share of coal and lignite in electricity production was as high as 37.7% in 2018. What is more, companies active in coal and lignite mining or production of energy from coal alone employ some 52,000 people in the region which, some would argue, makes for a compelling case to keep the industry going. Yet, apart from Slovenia, none of the other three countries has put forward plans to at least present a strategy for what the Commission calls a just and fair transition. Moreover, Bulgaria, Croatia and Romania discussed only briefly the social, employment and skills issues arising from the expected transition and largely failed to outline measures to mitigate negative effects. Such an approach might prove dangerous for the coal regions in these countries – even if there is no phase-out, the coal industry is projected to continue shrinking amid competition from natural gas, cheaper renewable energy and stagnant electricity demand.

When it comes to energy efficiency, all four counties are similarly unambitious. While the EU's collective goal for a reduction in primary and final energy consumption has been increased to respectively 29.7% and 29.4% in 2030 thanks to an increase of the national targets by several countries, SEE member states have either left their targets unchanged from their draft plans or increased them only marginally. Thus, Bulgaria and Romania's ambition to reduce primary energy consumption

SHARE OF ENERGY FROM RENEWABLE SOURCES RES TARGETS 2030



Percentage shows countries' own 2030 target as per NECP

is described as "low" by the Commission, while Slovenia's level of ambition is considered "modest". As for final energy consumption, the level of ambition among the four countries varies between "low" and "very low". On the positive side, all four NECPs put some emphasis on buildings renovation, with Bulgaria and Romania even indicating intentions to go beyond the 3% annual renovation target required under EU legislation.

In the area of greenhouse gas (GHG) emissions, Bulgaria, Croatia and Romania have set targets that are in line with the respective country targets outlined in the EU's Effort Sharing Regulation (ESR). Slovenia is a bit more ambitious and has set itself a goal of GHG emissions not covered by the EU Emissions Trading System (non-ETS) of -20% compared to 2005. The ESR target is -15%. Worryingly, two of the countries – Romania and Croatia – have not presented targets for emission reductions in the transport sector, which is the largest effort sharing sector under the ESR. Bulgaria has set a target of 0% for emission reductions in the transport sector by 2030 while Slovenia aims to limit emission increases in the transport sector to 12% by 2030 compared to 2005. All countries put emphasis on electromobility but provide scant details on future policies in that area, with the exception of Slovenia.

Perhaps the biggest divergence between the four SEE EU member states comes in the national targets for the share of energy from renewable sources in gross final consumption in 2030. Bulgaria's target of 27.09% (a considerable increase from the 25% outlined in the draft NECP) is in line with the result from the formula used in the Regulation on the Governance of the Energy Union and Climate Action. This formula calculates and distributes the efforts across all EU member states towards the common EU goal for a share of energy from renewables of 32% in gross final consumption in 2030. Croatia's target of 36.4% is above the 32% resulting from the aforementioned formula and the country is thus among those member states facilitating the EU's increased climate targets at least with respect to the energy mix. Romania and Slovenia are both unambitious with regard to the share of renewables in their energy mix. The first aims for 30.7% of gross energy consumption to come from renewables in 2030, which is below the 34% resulting under the RES formula. The latter is even less ambitious with a target of 27% or 10 percentage points less than the result from the RES formula.

The published NECPs and the Commission's assessments highlight the ever-growing gap between EU member states in SEE and the rest of the Union. It seems that the European Green Deal will be yet another area where a "two-speed Europe" will emerge, creating new points of contention. Given the low ambition in some of the NECPs, the EU is now at a decisive point. While the new multinational financial framework for the period 2021-2027 puts emphasis on climate action, individual instruments for effectively promoting and encouraging green investments would be of key importance. Whether SEE countries will take advantage of those instruments and catch up remains to be seen.

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The European Commission State Aid Temporary Framework – a SEE perspective

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State aid measures that distort competition and trade within the European Union are generally prohibited under the Treaty on the Functioning of the European Union. Still, the European Commission has the power to approve state aid measures, the objective of which is to remedy serious economic disturbances. Thus, in light of the COVID-19 outbreak and its impact on the economy of the Member States, on March 19, 2020 the European Commission adopted a Temporary Framework for State aid measures to support the economy of the European Union. According to the European Commission, the introduced measures are compatible with the objective of the EU internal market and ensure a level playing field. The main categories of permitted assistance by the Member States under the initial version of the Temporary Framework were (i) aid in the form of direct grants, repayable advances or tax advantages, (ii) aid in the form of guarantees on loans, (iii) aid in the form of subsidized interest rates for loans, (iv) aid in the form of guarantees and loans channeled through credit institutions or other financial institutions, and (v) short-term export credit insurance. Subsequently, the Temporary Framework has been amended three times:

- On 3 April 2020, the European Commission made extensions to increase possibilities for public support in connection with research, testing and production of products relevant to counteracting the COVID-19 pandemic, as well as to protecting jobs and supporting the overall stability of the economy (including tax deferrals and wage subsidies for employees);

- On 8 May 2020 the European Commission made amendments to extend the scope of the Temporary Framework to recapitalisation and subordinated debt measures; and

- On 29 June 2020, with its third amendment the European Commission expanded the Temporary Framework to further support micro, small and start-up companies, as well as to incentivize private investments.

The Temporary Framework lays out the minimum conditions each state aid scheme must adhere to, alongside respective monitoring and reporting obligations on the Member States, whereas countries from the SEE region have adopted various measures:

Bulgaria

The Bulgarian government has implemented a multifold response to the COVID-19 pandemic, employing a number of measurec under the Temporary Framework:

- One of the responses to the COVID-19 outbreak of the Bulgarian government is the "60/40 wage subsidy programme", which has been extended up until 30 September 2020. This mechanism allows Bulgarian authorities to cover 60% of the wage costs of businesses that would have to otherwise discharge workers due to the COVID-19 outbreak, in case such business have registered a decrease in their income. The measure is generally open to all sectors of the economy;

- A second measure introduced in Bulgaria was the extension of the annual reporting and payment terms of corporate income tax, expenses tax, gambling tax, merchant vessel operation tax and personal income tax with three months;

- The third central measure adopted in Bulgaria is the provision of guarantees by the state-owned Bulgarian Development Bank:

Anti-crisis programme for supporting small and medium enterprises – the programme is available to companies from all sectors, and allows credit institutions to rely on portfolio guarantees from the Bulgarian Development Bank for loans of up to 150,000 euro (with the most interest being registered from companies active in the transport, tourism, hotel and restaurant sectors);

Zero-interest loans for natural persons

in unpaid leave and self-employed persons – the program aims to help persons who are temporarily unable to work as a result of the ongoing pandemic, by the Bulgarian Development Bank guaranteeing loans provided by credit institutions of up to 2,250 euro (which shall be repaid within a period of five years, with a maximum grace period of twenty-four months).

Bulgaria has still not introduced any recapitalisation measures in the form of equity and/or hybrid instruments to undertakings facing financial difficulties.

Croatia

In Croatia, different state aid schemes have been introduced under the Temporary Framework to mitigate the consequences arising from the COVID-19 pandemic. In particular, the said schemes are mainly intended to address liquidity problems, as the aid is granted in the form of liquidity loans, public guarantees, tax deferrals and exemptions, as well as through direct grants for the preservation of jobs. Consequently, Croatia has thus far not adopted any recapitalisation measures or subordinated debt instruments, and – according to publicly available information – there is no indication of any company having submitted a formal written request for such aid. A circumstance to be taken into account is that certain large Croatian companies dealing with solvency problems are not eligible for support under the Temporary Framework because their difficulties arose prior to the COVID-19 pandemic. A prominent example in this regard is the company Djuro Djakovic that was granted with rescue aid approved by the European Commission in May 2020 under the general regime for firms in difficulties – that is, unrelated to the COVID-19 pandemic. According to the media, so far only the national carrier Croatia Airlines has asked for financial assistance in bearing the consequences of the pandemic. The government is currently considering several solutions to help Croatia Airlines, including merging the said carrier with certain airports and other state-owned entities into a holding.

It remains to be seen whether Croatia will resort to the use of recapitalisation measures or subordinated debt instruments in the future.

Romania

Following the adoption of the Temporary Framework, Romania notified and obtained approval for several significant state aid measures from the European Commission, with the main two schemes benefiting private companies in Romania which were affected by the pandemic.

The first state aid scheme of 800 million euro provides for state guarantees under bank loans provided to large companies and SMEs with turnover exceeding 4 million euro in 2019. Such guarantees are subject to certain conditions being met in respect of the loan, including the maturity of the loan being limited to six years, the value of the loaned amount corresponding to the guidelines in the Temporary Framework, as well as the loan being in line with the capital and investment needs of the company in question. These measures will be managed by the Export-Import Bank of Romania on behalf of the Romanian state.

Another important aid scheme approved on the basis of the Temporary Framework consists of support in the amount of 3.3 billion euro which is aimed at benefiting SMEs affected by the pandemic. The scheme includes both direct grants and state guarantees for investment bank loans, as well as capital financing for the purpose of enabling these companies to continue their activities.

While no support in the form of direct recapitalisation measures or subordinated debt has been adopted on the basis of the revised Temporary Framework, it is reasonable to expect that such type of scheme will follow soon.

Slovenia

The Slovenian government adopted the Act Determining the Intervention Measures to Mitigate and Remedy the Consequences of the COVID-19 Epidemic. The specific goals of the law are to preserve jobs and keep businesses in operation, to improve the social position of people, particularly those most at risk due to the COVID-19 virus, to provide emergency assistance to the self-employed, to improve the liquidity of businesses, to provide support to scientific research projects in the fight against the COVID-19 and the provision of aid to agricultural businesses. In order to secure those goals various measures were adopted, including wage compensation measures, loans for financing businesses, capital consolidations, insurance instruments for exporting companies etc.

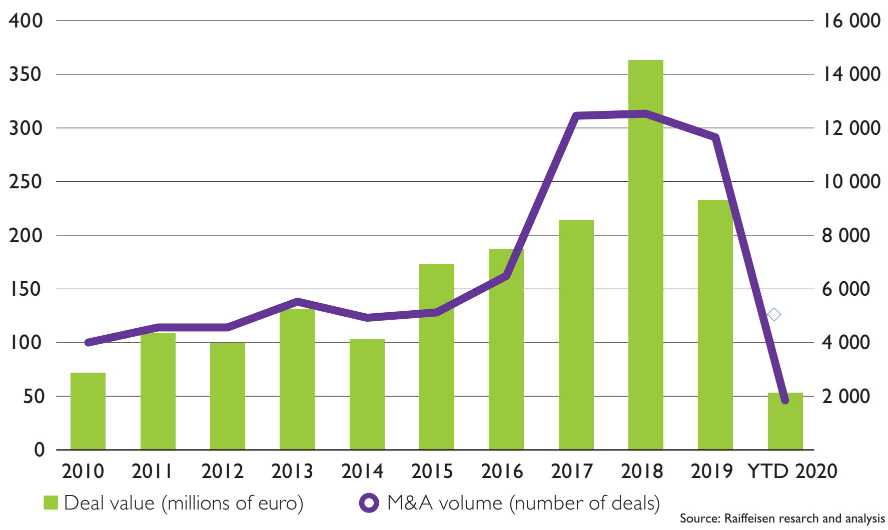
However, Slovenia has so far not adopted any framework (and so far has not initiated the public debate) on recapitalisation measures or subordinated debt instruments.

Green Deal shifts energy investors' focus to renewable assets

By Julian Gikov, George Mucibabici Jr., Konstantin Ivanov, Helena Simicevic, Anita Varbanova

Mergers and acquisitions (M&A) activity in Southeast Europe (SEE) slowed down in 2019 and the first half of 2020, with transactions amounting to 9.3 billion euro and 2.1 billion euro, respectively. Privatisations remain a strong driver in Serbia, Slovenia and Croatia, though deal volume is still highest in Romania and Bulgaria. The improving climate in 2019 helped conclude a number of high-profile transactions in the technology, media and telecom (TMT), energy, financial institutions, infrastructure and real estate sectors. The anticipated Green Deal is shifting the focus of European energy investors back to renewable assets in the SEE region. Stable regulatory environments and improved investor and lender confidence are resulting in increased interest in greenfield and brownfield investments in renewable energy sources (RES). Growing awareness of environmental issues is also impacting deal executions and business plans,especially in emissions-heavy sectors. Covid-19 impacted heavily transaction execution and transaction appetite especially in the more cyclical sectors of real estate, fast-moving consumer goods (FMCG) and transport. Nevertheless, we see confidence returning in the second half of 2020, supported by the still available attractive financing options. Recapitalisation efforts and a refocus on core business activities are among the other factors impacting the M&A scene.

M&A DEALS IN SEE (2010-2020 YTD)



Source: Raiffeisen resarch and analysis

NUMBER OF M&A TRANSACTIONS

	Albania	Bosnia	Bulgaria	Croatia	N. Macedonia	Moldova	Montenegro	Romania	Serbia	Slovenia	TOTAL
2010	6	2	18	12	-	1	2	40	10	9	100
2011	1	3	20	20	3	2	1	32	18	14	114
2012	2	4	34	14	3	1	-	31	9	16	114
2013	3	2	27	16	-	-	3	51	13	23	138
2014	1	5	21	18	2	1	2	44	9	20	123
2015	1	2	26	17	2	-	2	39	12	27	128
2016	7	3	28	23	1	-	2	62	13	23	162
2017	11	3	46	35	4	2	2	151	23	34	311
2018	5	3	21	53	4	3	3	150	63	8	313
2019	3	6	32	43	1	6	3	110	47	40	291
YTD 2020		1	8	5		2		19	4	7	46

M&A TRANSACTIONS TOTAL VALUE

in millions of euro

	Albania	Bosnia	Bulgaria	Croatia	N. Macedonia	Moldova	Montenegro	Romania	Serbia	Slovenia	TOTAL
2010	57	11	920	592	-	12	18	455	145	659	2,869
2011	-	-	1,650	290	78	7	20	410	1,506	375	4,336
2012	850	20	2,080	160	19	13	-	365	149	319	3,975
2013	4	-	1,360	285	-	-	20	490	1,160	1,927	5,246
2014	100	79	820	584	4	-	65	1,480	224	770	4,126
2015	-	45	1,003	1,004	-	-	47	3,074	715	1,038	6,926
2016	585	7	1,382	796	8	-	8	3,442	185	1,076	7,489
2017	112	46	2,235	510	65	-	124	4,000	886	589	8,567
2018	118	-	1,569	1,000	105	91	210	5,000	5,430	984	14,507
2019	50	62	2,290	507	49	195	48	4,000	830	1,270	9,301
2020			418	381		29		659	487	153	2,127

Bulgaria

M&A deals volume and value in Bulgaria rose in 2019, supported by accelerating GDP growth (3.37%). The average value of the deals was 73.2 million euro. However, the economy is expected to contract by 5.7% in 2020 due to the COVID-19 pandemic. This translates into decreased transaction volumes in 2020, as companies are more focused on sustainability rather than on expansion or exits.

Certain sectors such as RES, TMT and e-commerce were less impacted and deals continued to take place at similar valuations as in 2019, albeit transaction closing periods were extended overall. Other sectors, such as industrials and FMCG, however, saw a number of cancelled or postponed sales.

Some of the largest deals on the Bulgarian market during 2019 and the first half of 2020 were the acquisition of Vivacom, the largest integrated telecom operator in Bulgaria, by the region's leading telecom and media operator United Group for a reported 1.3 billion euro; the acquisition of BTV by PPF, pending regulatory approval; and the acquisition of Nova Broadcasting Group by Advance Properties. The TMT space continued to attract the interest of Western investors, as evidenced by the acquisition of SMS Bump by Yotpo, an e-commerce platform.

The award of the Sofia Airport concession to a consortium of French asset manager Meridiam and Strabag with Germany's Munich Airport was the largest infrastructure transaction in the country to date and is expected to have a positive impact on future public-private partnerships (PPPs) in infrastructure.

The sale of the 60.4MW Karadzhalovo PV plant by Blackrock, ACWA Power, and Crescent Capital to Enery Development, an Austrian renewables investment company, is the largest RES transaction in the country to-date, showcasing the attractiveness of the sector to outside investors. Interest in the RES space is expected to continue to drive deals and greenfield projects. The expectations related to the Green Deal further stimulate interest in renewable assets in the country, both brownfield and greenfield. Highly favourable finance pricing available on the equity and debt sides remains an additional driver. A number of new greenfield projects are in the pipeline as industrial and real estate investors are looking to diversify their portfolios with RES assets to partially offset their electricity costs and CO_2 footprint. While conventional energy is still critical for the system, we also see significantly less interest in it. The market also sees more investors start operations in the ESCO space, targeting both households and business clients. In transaction execution we see a sharper focus on health and safety and environmental due diligence. Business plans are increasingly taking into consideration carbon footprint and steps to reach carbon neutrality.

Following the exits of Alpha Bank and Piraeus from Bulgaria, activity in the financial sector declined. The capital increase of First Investment Bank which managed to attract equity on the Bulgarian Stock Exchange deserves mention here.

On the other hand, the industrial sector saw increased M&A activity compared to 2018. The most noteworthy transactions were the acquisition of pulp producer Svilocell by Piper Invest for a reported 70 million euro and the acquisition of the producer of power transformers and tap changers Hyundai Heavy Industries Co. Bulgaria by SverdlovElektro Group for a consideration of 24.5 million euro.

Real estate is another active industry. Interest remains high in the hotels segment where acquisitions accounted for almost half of the announced transactions in the past 18 months. These include the acquisitions of Victoria Palace Hotel in Sunny Beach by S.B.

Royals Hotels for a consideration of 50 million euro and Grand Hotel Plovdiv by a private investor. Another notable deal is that for the Telus Tower in Sofia by NBG Pangaea Real Estate Investment Company for a reported 78.6 million euro.

ROMANIA

In 2019 and the first quarter of 2020, Romania was again among the fastest growing economies in the EU but the global COVID-19 pandemic is expected to bring about a 6% contraction of the economy. Although still too early to tell a complete story, economic activity at the end of the first half of the year was on the path to a gradual recovery.

The Romanian M&A market dynamics remained robust in 2019 with total deal volume estimated at around 4 billion euro and the number of announced transactions at more than a hundred. Some of the sectors that gained momentum in terms of M&A were technology, media and telecom, banking and real estate. The headline-grabbing announcements include the acquisition of Central European Media Enterprises (CME), a WarnerMedia majority-owned company, by PPF Group, a global and diversified financial investment and holding company, in a regional deal with total transaction value exceeding 1.5 billion euro; the takeover of Banca Romaneasca, a National Bank of Greece subsidiary, by Eximbank for an estimated 300 million euro; the acquisition of Adeplast, a leading provider of products for the construction sector, by Sika, a construction materials and adhesives producer, for an undisclosed consideration; and the sale of the 171 MW wind park portfolio owned by Vestas, the Danish wind turbine manufacturer, to Ingka Group, the owners of Ikea, for a total consideration of 136 million euro.

In the real estate sector, AFi Europe acquired NEPI-Rockcastle's portfolio for an estimated consideration of 300 million euro.

9.3 bln euro

Total value of M&A deals in SEE in 2019

Furthermore, a fair amount of private equity-sponsored M&A activity contributed to a diversified local M&A landscape. Some noteworthy mentions here include Innova Capital's acquisitions of eye care retail networks optiBLU and Optiplaza; the sale of Sano Vita, an online store for natural seeds, nuts and snacks, by Highlander Partners; Abris Capital's acquisitions of Dentotal Protect, a supplier of dental equipment, and IT GTS - Global Technical Group, a technology integrator.

M&A activity in 2020 is expected to be dominated by transactions in the energy sector. ENEL and CEZ commenced the sale of their Romanian operations in 2019 and state-owned enterprises such as Electrica, Hidroelectrica and SAPE have announced plans to participate in these sale processes. Expected government support schemes for the renewable energy sector and increased access to financing are further boosting interest in RES deals. We also see a wider buyers universe from non-traditional investors driven by the anticipated Green Deal and a further focus on RES and reduced CO_2 emissions.

Like elsewhere in the region, the global COVID-19 pandemic put on hold most sale talks and processes. The first quarter saw 20 deals announced (of which only four were concluded) for a total of 650 million euro, higher when compared to the first quarter of 2019. The major deals in this segment were the regional acquisition of G4S cash operations in 17 markets including Romania by The Brink's Company, a global private security and protection company, and CPI Property Group's acquisition of a minority stake in Globalworth. However, the end of June brought a revival of sale talks. CEZ is headed towards exclusive discussions with Macquarie, the global infrastructure fund, while Teraplast, a Romanian metal window and door manufacturer, announced the sale of its steel division to Kingspan Group, the global building materials company, for an undisclosed amount. Other deals in the energy and banking sectors remained on hold or have been cancelled altogether (e.g. ENEL reconsidered its intention to exit Romania.)

Romania's M&A scene is expected to remain volatile in 2020, despite positive signs. Local and regional private equity funds have sufficient capital to deploy and are actively looking at opportunities but deal values and multiples for future transactions remain difficult to predict.

CROATIA

The stable Croatian economy in 2019 was the backdrop for an active M&A market, exceeding 40 disclosed deals with combined reported value of over 500 million euro, including the acquisition of Tele 2 by United Group and the acquisition of Liburnia Riviera Hotels (LRH) by Gitone, each exceeding 200 million euro. The LRH deal confirms the importance of the real estate sector where significant deals were recorded in the past in the tourism and shopping mall segments. In the forthcoming periods we expect further activity, especially in tourism.

On the privatisation front, the repurchase of MOL's stake in INA is still on the government's agenda, but not a top priority as budget deficit problems due to the weak tourist season have taken central stage.

The development of the manufacturing segment is marked by Rimac Cars' continuous effort for re-capitalisation which resulted in the entry of Hyundai/Kia Motor Group with 80 million euro. The company has attracted some 150 million euro of investments into Rimac Cars and Greyp Bikes.

In the FMCG sector, the largest Croatian confectionery producer Kras experienced a bidding war for the controlling ownership package between two of its owners, which ended with a 38 million euro transaction for the successful bidder. Another major transaction was the acquisition of Mlinar by Mid Europa Partners and the exit of Atlantic from its sports and functional food division.

Infobip successfully closed its first round of funding, securing some 200 million euro from One Equity Partners in a deal which implies valuation of over 1 billion euro.

Croatia also sees consolidation trends in the energy sector where Slovenian company Petrol acquired the LPG business of Crodux Group, and HEP acquired the gas distribution business of PPD. However, activity in the wind energy sector significantly slowed down, with a shift from wind to solar and geothermal energy. One reason for this is that the state is working on a change of feed-in models for renewables.

Covid-19 put the brakes on the M&A activities in the beginning of 2020 but no transactions were cancelled. The economy is showing signs of recovery, but the lockdown coupled with weak tourist season is expected to result in 8.5% GDP drop.

Furthermore, market signals indicate that larger groups will start to divest non-core operations to consolidate balance sheets due to a significant drop in profitability, impacting significantly the ones with high leverage. Expected valuations are hindered by profitability drop, probably leading to wider use of earn out clauses. Negotiations, management presentations and site visits are influenced by travel restrictions and strict corporate safety policies.

SLOVENIA

Slovenia's M&A market remains very active, as it is backed by strong economic activity coupled with consolidation in banking, privatisations and strong interest on the part of private equities for this market.

The top deals include the privatisation of Abanka by Nova Kreditna Banka Maribor, a unit of U.S. investment fund Apollo Global Management for 444 million euro; the acquisition of Serbia's Komercijalna banka by NLB; and the deal for NLB Vita, the second-largest life insurer in Slovenia, which was acquired by Sava Re. Intereuropa was acquired by the Slovenian Post that has now confirmed its position as a leading logistic company in the region.

The TMT sector continued to see significant activity. European IT infrastructure expert Conscia added to its portfolio NIL, an IT solutions provider with an enterprise value estimated at 40 million euro, and Austria's S&T acquired telecom equipment producer Iskratel for 37 million euro.

The list of big deals includes Freudenberg's acquisition of Filc, a producer of non-woven textiles and laminated materials; the 10 million euro deal for Casino Riviera, which was acquired by Austrian gaming group Novomatic; the acquisition of Semenarna Ljubljana by Agromarket, based in Serbia; and the acquisition of car parts retailer Bartog by its Croatian peer Tokic, now a regional leader in this segment.

SERBIA

The Serbian M&A market recorded a high number of transactions in 2019, but the country's profile remains dominated by only a few large transactions driven either by privatisations or market exits. While the privatisation of large companies in infrastructure and mining falls behind, sold one of the largest landowners in Serbia - the agricultural conglomerate PKB with 17,000 hectares of land. The PKB transaction was finalised in late 2018 and PKB was sold to Al Dahra from UAE for 105 million euro.

Just before the onset of the COVID – 19 crisis, the state successfully closed the privatisation of the largest Serbian bank – Komercijalna banka - which was acquired by Slovenia's NLB for 387 million euro. Komercijalna banka was one of the largest retail banks in the region still available for privatisation, while Serbia's market had been undergoing a consolidation process in the past few years.

The state also sold FAM, a lubricants producer, to Valvoline for 9.5 million euro, and the operater of the Port of Novi Sad to Dubai- based P&O Ports for 8 million euro.

Belgrade-based JAT Tehnika was sold to Avia Prime, a Czech company which is one of the key players on the European maintenance, repair and overhaul market in aviation.

Meanwhile, Mid Europa Partners finalised sale of Bambi, a confectionary company to Coca Cola HBC. They also sold Knjaz Milos, a major producer of mineral water and non-alcoholic beverages to a JV between Karlovarské Minerální Vody and PepsiCo, Inc. This leaves Mid Europa with a dairy producer Imlek in Serbia and its exit can be expected in the near future.

Swedish based NIBE Group acquired Gorenje Tiki from Hisense/Gorenje, and this deal was followed by the acquisition of Elektrotermija, as both targets are active in the electrical heaters segment.

Another notable deal was the acquisition of game studio Eipix Entertainment by Russian based Playrix, a producer of free-to-play mobile games.

The list continues with Paper Converting Machine Company acquiring another tissue producer – Stax Technologies, and Czech company UDI Resort taking over paint and varnish producer Duga as part of its real-estate development plans.

The structural reforms initiated in 2015 coupled with negotiations for EU accession resulted in growing interest by foreign investors and brought significant investments into Serbia. However, Covid – 19 slowed this process. Serbia's GDP is expected to contract by an estimated 4% after severe traveling restrictions paralyzing the country for a couple of months.

Energy sector deals expected to dominate M&A activity in Romania

Large groups expected to divest non-core assets in Croatia

EU Green Deal still largely missing from SEE media agenda

By **Petar Galev, Viktor Laskov,** Perceptica

The European Green Deal is the EU's answer to the climate emergency that is considered one of the biggest challenges to Earth. Through it the Union should switch to a low-carbon economy without reducing its prosperity or the wellbeing of its citizens. One of the most important parts of the deal concerns the energy sector which is supposed to become more and more dependent on renewable and green sources.
Naturally, the deal is high on the agenda of countries from Central and Eastern Europe and most notably of those that are either EU Member States or strive to join the Union in the foreseeable future. The fact that the deal is expected to have a strong impact on sectors of strategic importance has politicians and experts from the region weighing in on the topic over the past year.
The present report aims to measure the share and context of media articles on the Green Deal that also mention any particular energy sources. The volume of articles both represents the topics that politicians of said countries are discussing most readily in connection to the deal and reflects the media agenda that serves to form public perception of the issues at hand. Therefore, the volume of media coverage about a particular energy source could be used to gauge its significance for the country and its political leaders in particular.
While some countries were focused on new opportunities to diversify their energy sector, others seemed more overburdened with the fate of their older, heavily-polluting power plants. While the present analysis is by no means telling of the states' future intentions in terms of energy production and the European Green Deal, it does provide an indication as to where their political elite and media experts stand at present.

Croatia

Croatia is the country in the region that seems by far the most interested in exploiting green and renewable energy sources. Over 40% of all articles detailing the European Green Deal and its impact focus on green sources and wind and solar power in particular. Media are, for example, reporting on the increased interest of installing solar panels on family houses and other buildings.

Croatia is also one of the rare examples for the region where media are actively discussing geothermal energy. The 16.5-MW Velika Ciglena, the first geothermal power plant in the country and reportedly the largest one on continental Europe, has been in operation since March 2019, with its official inauguration coming in November of that year.

What is more, together with Romania, this is the only country where the share of the media conversation on non-renewable sources is less than half of the volume of articles about the Green Deal. Out of them, oil was the most discussed, as it accounts for a significant share of the country's energy supply. Although Croatia has no nuclear power plant on its territory, it co-owns the Krsko Nuclear Power Plant together with Slovenia. The fact that the plant is scheduled for de-commission in 2023 is causing some stir in local media as it provides a somewhat significant portion of the country's energy mix.

Romania

As much as 28% of the media conversation pertaining to the Green Deal featured wind and solar energy as topics of conversation. Local outlets did not generate any content regarding geothermal energy, which is apparently not a priority. When it comes to hydroelectric plants, 20% of outlets discussed it, making it the most discussed energy source after nuclear with 22%. Media often referred to Romania's standing in terms of renewable energy citing numbers such as a 42% energy consumption covered by wind and hydropower, which ranks the country seventh in the EU in this regard.

A consolidation of the energy sector in Romania appears to be in place with state owned Electrica trying to buy CEZ Romania in a consortium with Hidroelectrica and SAPE. Outlets cited important stakeholders such as the CEO of Electrica, Cristina Popescu, who emphasized plans to diversify the energy portfolio of the company with wind and solar energy in search of an economically efficient mix. This further showed the importance of wind energy as a priority on a local level.

Another example of key stakeholders talking about renewable energy are the Romanian Wind Energy Association and the Employers' Organization of Renewable Energy Producers in Romania. Those organisations criticised a new legislation impacting agricultural land sales, which in turn would make it more complicated to secure land for energy projects. On a state level Romania, much like Bulgaria expressed a desire to develop natural gas energy sources and joined a group of EU countries in their demands for such projects to be included in the Green Deal financing.

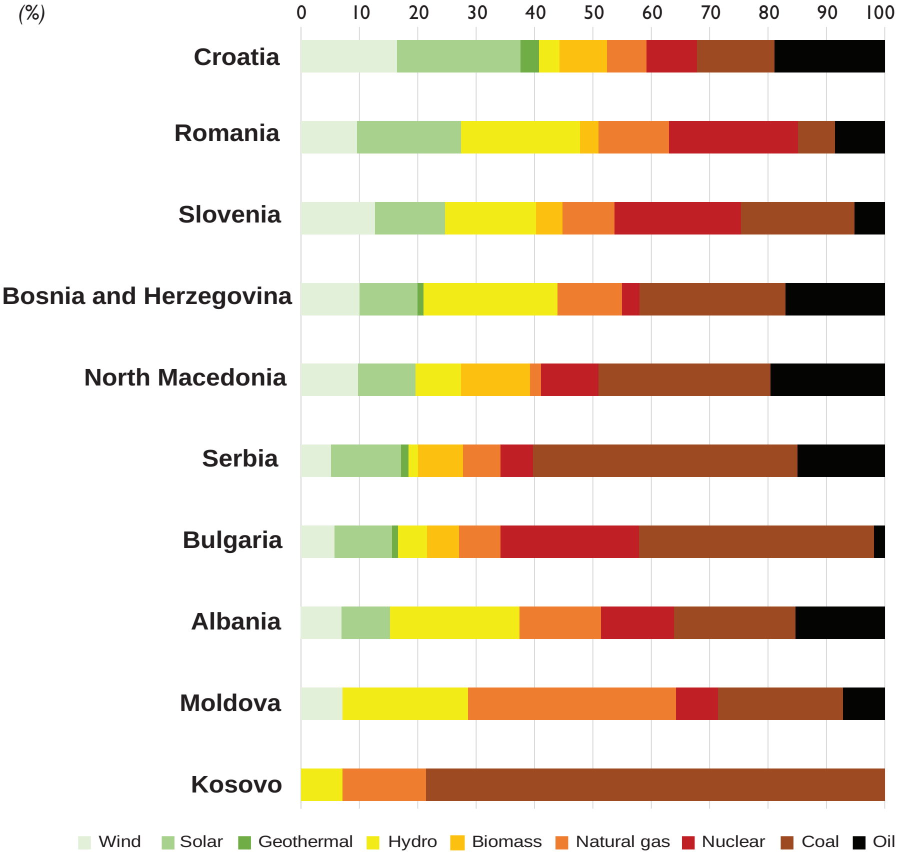
Regarding coal energy, there was a lack of conversation defending the energy source, but rather outlets focused on the opportunities to get EU funding in order to close them and transition to renewable energy sources.

Slovenia

Most discussions about the Green Deal often touched on either Krsko plant's future or the future of nuclear energy in Slovenia as a whole. The country is yet to decide whether it would be building a new plant in on around the location of the current one.

While nuclear energy garnered a significant amount of attention, no less than a quarter of all articles discussed actual green energy alternatives. Environment minister Simon Zajc was the most prominent figure to discuss them in connection with the Green Deal. He stressed the possible clash between setting up more solar and wind power capacity and having a significant portion of the country (38% of its territory) protected under the EU's NATURA 2000 programme.

Share of Media Dicussion on Energy Sources in Connection with European Green Deal



The graph represents the share of media coverage on all major energy sources used in the region broken down by country. They are colour-coded to represent the type of source depending on how environmentally-friendly it is considered. Thus, various shades of green represent sources that are seen as green – the subset of renewable energy that provides the biggest environmental benefit and is pretty much never considered as damaging for the environment . Yellow and golden denote renewable energy sources that could also be viewed as harmful for the environment, particularly in the case of major hydro-power stations and biomass plants using certain types of bio-waste. All other colours (dark orange, red, brown, and black) represent non-environmentally-friendly or non-renewable alternatives like coal, oil, natural gas, and nuclear energy.

North Macedonia

North Macedonia's electricity production is mostly dependant on fossil fuels which helps explain the fact that over 50% of articles on the Green Deal focus on oil, coal, or natural gas. Nevertheless, when assuming the position of prime minister for the second time, Zoran Zaev pledged that his government would be investing in renewable energy sources such as wind and solar.

Zaev also promised that the share of renewable energy in North Macedonia's electricity production would reach 50% in the end of his term. This pledge was somewhat reflected in media coverage where renewable energy has a 43% share. Still, the bulk of articles concerned hydroelectric energy of which the country already has a significant capacity.

Serbia

The media in Serbia, another EU candidate country, also discussed in detail the Green Deal. Their main focus was on the future of coal, which currently accounts for the bulk of Serbia's energy

mix. Expert analysis on the topic often warned that a switch to renewable energy sources would inevitably lead to electricity price hikes.

In terms of green sources, solar was by far the most popular. Nevertheless, mentions of green energy sources accounted for less than 20% of the overall conversation on the deal.

Even though Serbia has no nuclear reactors of its own, media seemed interested in the topic, discussing the impact of the Green Deal to nuclear energy as a whole. Outlets provide examples with the situation in countries like Poland.
Bulgaria

Bulgaria was another example of a country where media focused on non-renewable energy sources when it came to discussing the Green Deal. The attention of politicians was almost solely directed at the future of major power plants such as the Kozloduy NPP (as well as the controversial Belene NPP project) and coal-fuelled plants like the various Maritsa TPP complexes.

Progress towards a carbon-neutral future was all but overshadowed by worries about the loss of thousands of workplaces and the potential impact on entire regions of the country. What is more, even articles detailing actual green alternatives likes solar power often served as a mere warning to what might happen if Bulgaria was to become too dependent on renewable energy sources. California was repeatedly cited as an example where dependency on solar power had led to power shortages.

Other countries

The European Green Deal was barely present in the media conversation in other countries in the region, including, Albania, Kosovo, Moldova, and Bosnia and Herzegovina. With the exception of Bosnia and Herzegovina, local outlets also rarely touched on the topic of renewable energy. Even in Albania, which sources most of its power from hydroelectric plants, the majority of articles discussed non-renewable sources.

As a prospective EU member state, Moldova noted a modest number of media articles related to the Green Deal. Similarly, to other EU issues, local outlets paid attention to Romanian affairs and covered Green Deal news related to Romania. One such topic was the hope of Romania and other Eastern European EU member states, to include natural gas energy projects in the funding related to the Green Deal.

Similarly, Bosnian outlets were mostly occupied with developments in Serbia and Croatia. The most notable story in the country was the contract signed between the Serb Republic and Serbia for the construction of hydroelectric power plants on the Drina river.
Finally, Kosovo, a country heavily-dependant on coal, also had its outlets focus on a limited number of renewable stories. The most notable project was the Zhur Hydroelectric Power Plant whose generation capacity is estimated at some 305 MW. However, the project is pending because of high costs and issues related to water use agreements with Albania.

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COVID-19 and SEE: the region's response to the crisis

By Liliya Goranova, Head of SeeNews Insights

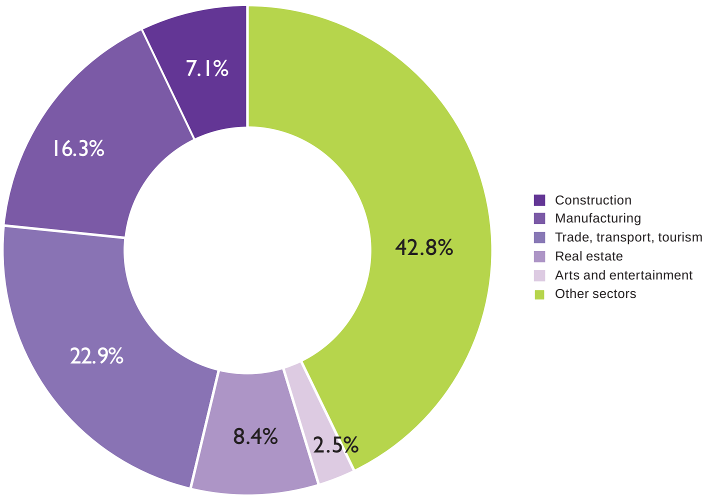
Traditionally, the Landscape section of SEE TOP 100 provides a snapshot on several macroeconomic indicators for each of the SEE markets, including gross domestic product (GDP) and gross value added (GVA) figures, historical data on foreign direct investments (FDIs) and ranking of the top 10 companies in the respective market. You can still find these in an appendix. However, the 13th edition of SEE TOP 100 comes in a year that can hardly be described as "traditional" and that is why our Landscape section provides a different perspective this time around – one that looks into the SEE economies' performance and prospects for recovery amid the COVID-19 pandemic.

This research aims to examine the regional developments in Southeast Europe (SEE) during the COVID-19 pandemic in a global context and to assess the probability of economic recovery for each country. It also provides an overview of the potentially best, medium and worst performing economies based on a set of indicators, plus a comprehensive analysis of further factors affecting the performance of the economies stricken by the crisis.

In June, when SeeNews published the first issue of its report "COVID-19 and SEE: the initial prospects to fight off the crisis", seven of the SEE economies were expected to be able to recover their GDP to pre-pandemic levels in 2021. As of mid-October, however, Serbia is the only country whose economy should recover next year while most other countries will see their GDP return to pre-pandemic levels in 2022 or even in 2024 in the case of Montenegro.

The region's favourable position in terms

WORST-HIT SECTORS AS PERCENTAGE OF GVA, SEE AVERAGE



of containment of the virus has also become shaky. In the middle of October, during the preparation of the latest SEE TOP 100 issue, SEE on average had 1,751 active COVID-19 cases per one million people against 1,094 cases globally. The unfavourable upward trend is in stark contrast with the first half of the year when most countries in SEE acted decisively and swiftly at the onset of the pandemic, supressing infection rates across the region far below global levels. Another aggravating factor is SEE's dependency on sectors which we are calling "losing sectors"– these are the industries we expect to bear the brunt of the economic crisis brought about by COVID-19 . There are, of course, sectors that will emerge as "winners" but most of them currently represent too small a share of SEE economies' GVA to make a difference and counterbalance the negative effects in a meaningful way. We have included only two of these winning sectors in our analysis due to their relatively high shares in the analysed 11 economies. This disproportion between losing and winning makes the SEE region especially susceptible to sectoral risks and some economies are inevitably facing employment shocks as well as fiscal risks stemming from diminishing taxes.

Yet, not all is gloom and doom. As governments across the world started imposing lockdowns, it was clear that SEE has several advantages in the face of the new economic crisis. While both the IMF and the World Bank recently rung the alarm on a rising global debt-to-GDP ratio, most countries in the region entered this tumultuous period with low public debt levels. This in turn gave local governments the opportunity to implement comprehensive economic measures to support businesses and individuals without putting too much pressure on sovereign debts. Nine out of the 11 economies we analysed are high performers in terms of economic measures, while two fall in the "medium" performance tier. Notably, all governments introduced sector-specific support measures which should somewhat alleviate the aforementioned sectoral risk. The decrease in economic activity across the region has also been less pronounced compared with other parts of Europe, as evident by the latest data on industrial output. Five of the SEE markets reported a monthly increase in industrial output in August, with four of them even reporting figures above the EU average.

Performance on other indicators in our methodology, such as labour market prospects and exposure to diminishing tax revenues, remains mixed and highly dependent on the progress of the pandemic's second wave. However, as already noted, unpredictability is in the very nature of this particular crisis. That is why we do not claim for this assessment to be final but merely a snapshot of each country's current prospects.

The following profiles represent a snapshot of each of the countries' strongest and weakest traits in the coronavirus crisis as of October 2020.

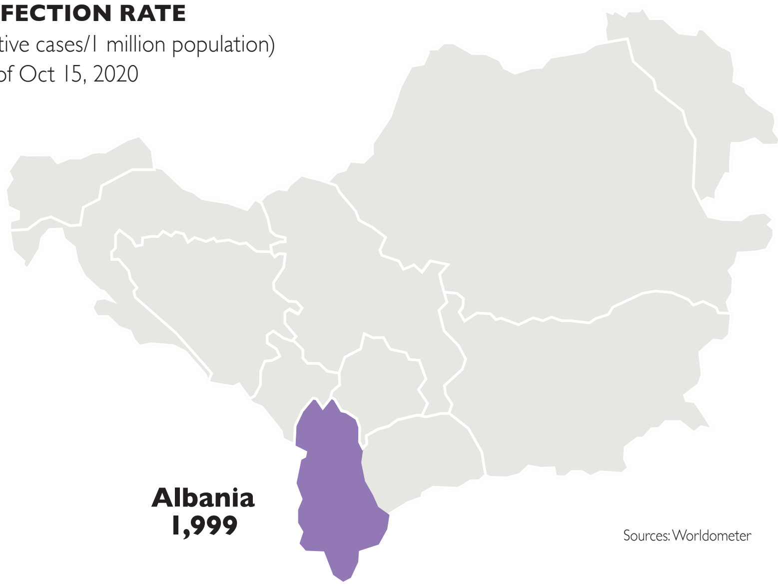
METHODOLOGY

To ensure raw data reliability and compatibility, we have used the official websites and publications by Eurostat, the national statistical offices and the central banks of the analysed countries, as well as international financial institutions and sector organisations. COVID-19 infection rates data is taken from the real-time reference website Worldometer. In the process of identification of sectoral risk, we have chosen the five most vulnerable to demand and supply shocks sections of economic activities in the broad structure of NACE Rev. 2, the statistical classification of economic activities in the European Community. The same classification and criteria apply to the two GVA boosters, which we have identified as most probable beneficiaries from the pandemic. There are other economic activities that are likely to emerge as winners in the current crisis, such as e-commerce, medical devices manufacturing and home entertainment, but they remain out of the scope of our statistical analysis due to lack of reliable and comparable data and their negligible share in the respective countries' GVA. The analysis and assessment of the raw data is carried out through own calculations and boundaries of the categories. In the assessment process, the country performance for each of the indicators, which can consist of one or more sub-indicators, is rated as high, medium or low. Performance in numeric sub-indicators is calculated depending on the deviation from the average of all SEE countries or from a EU benchmark, where applicable. FDI risk exposure is analysed as an indicator for each country in terms of geographical concentration of the source destinations, without assigning a high, medium or low grade. Performance in qualitative sub-indicators is determined depending on whether or not the respective or supportive measure is available in the country and to what extent (direct proportion). When all sub-indicators of a given indicator are rated as high, medium or low, points are assigned as follows: 2 for high, 1 for medium and 0 for low performance. The indicator adopts a grade, depending on the deviation from the average aggregate value. No single overall grade of a country's recovery prospects is assigned.

Albania

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	LOW	MEDIUM	N/A	HIGH	LOW	HIGH	HIGH	LOW	HIGH

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020

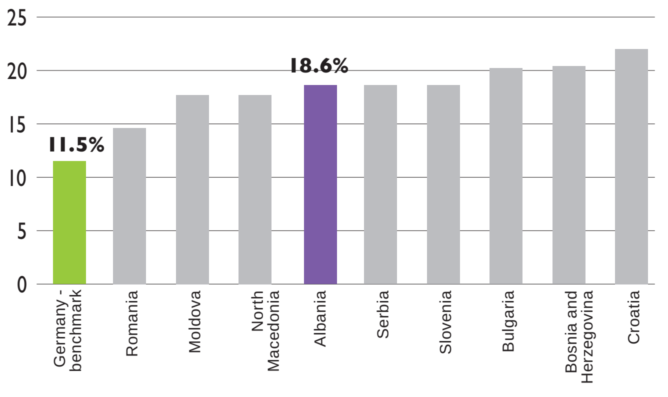


Sources: Worldometer

GDP RECOVERY TO 2019 LEVEL IN
2022
(unclear perspective)

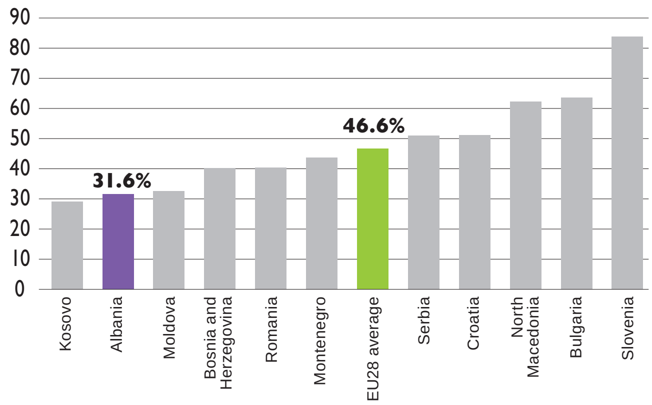
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



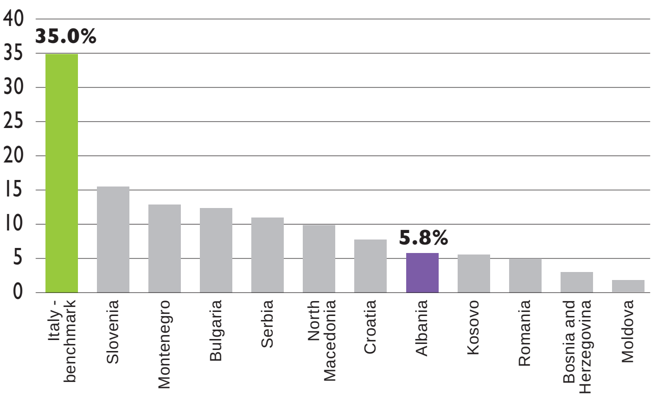
Source: World Bank

EXPORTS *(% of GDP)*



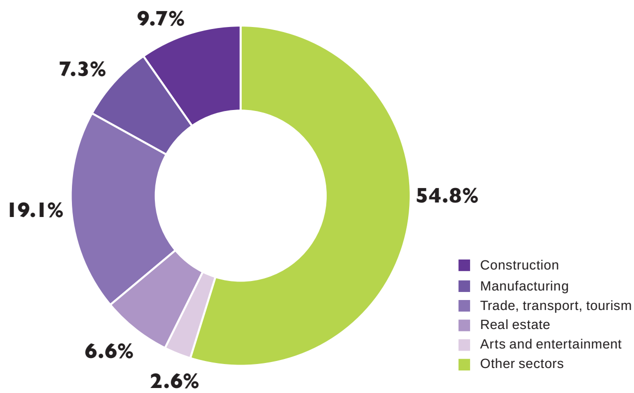
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA



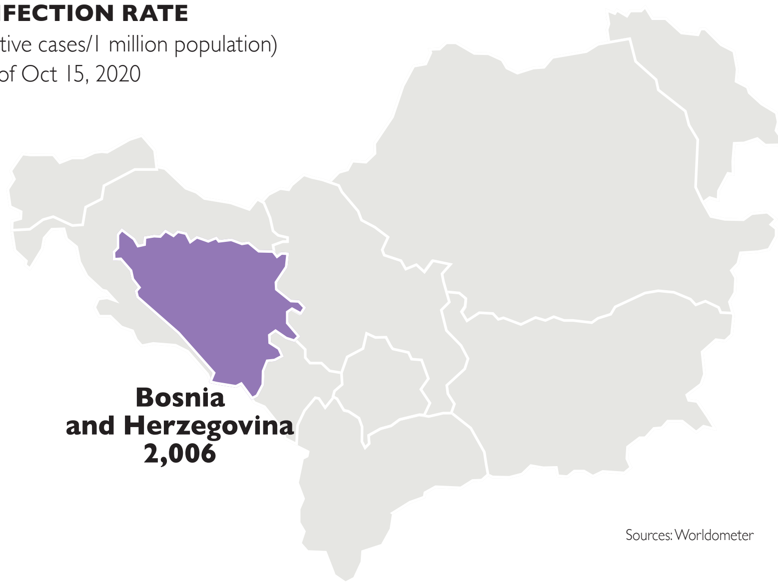
Source: National statistical institute

SEE LANDSCAPE

Bosnia and Herzegovina

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	MEDIUM	HIGH	LOW	MEDIUM	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020



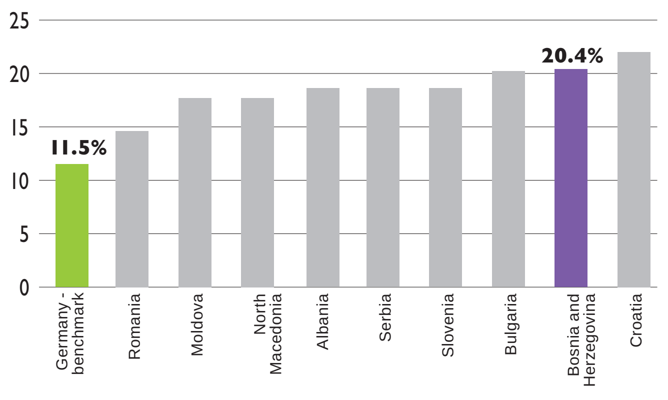
Sources: Worldometer

GDP RECOVERY TO 2019 LEVEL IN

2022

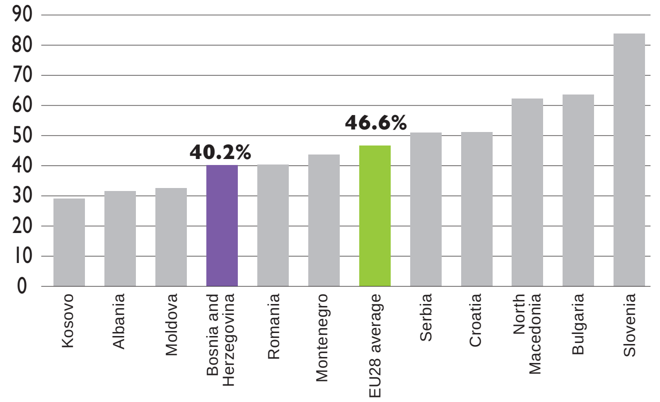
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



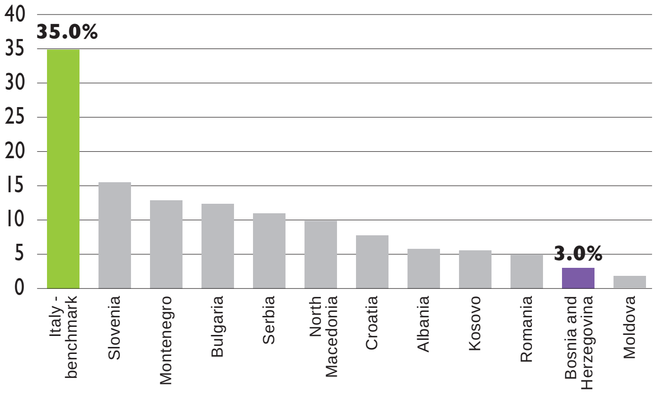
Source: World Bank

EXPORTS *(% of GDP)*



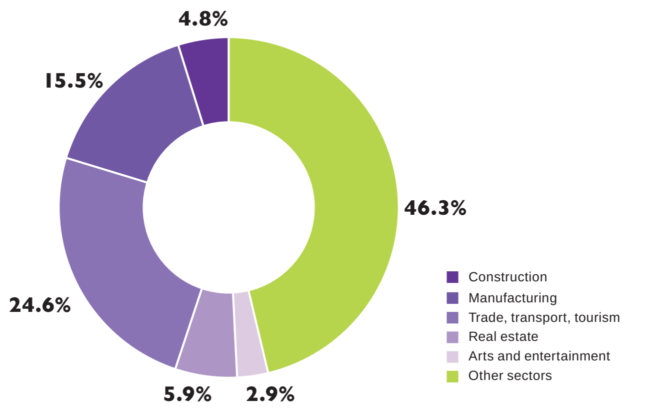
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA



Source: National statistical institute

Bulgaria

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	MEDIUM	HIGH	HIGH	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH	LOW

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020

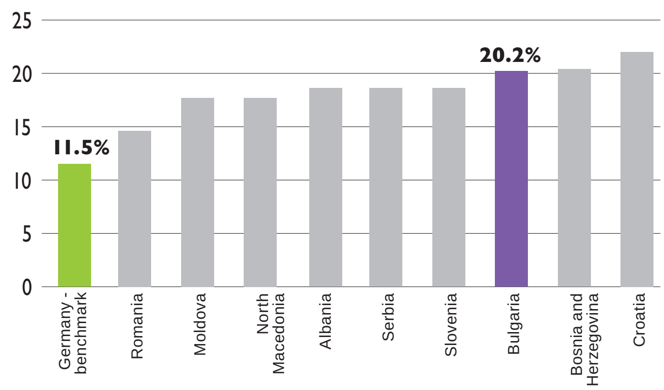
Sources: Worldometer

GDP RECOVERY TO 2019 LEVEL IN

2022

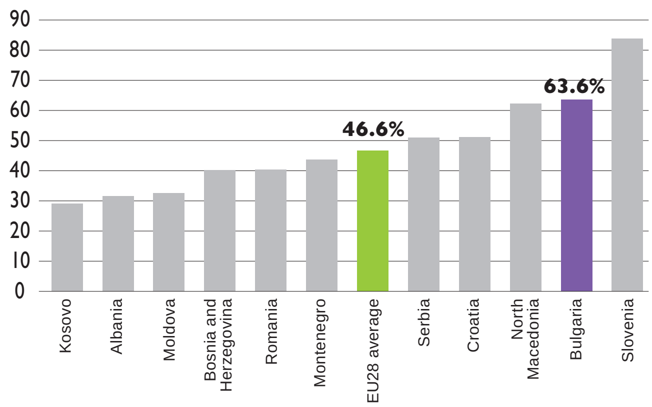
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



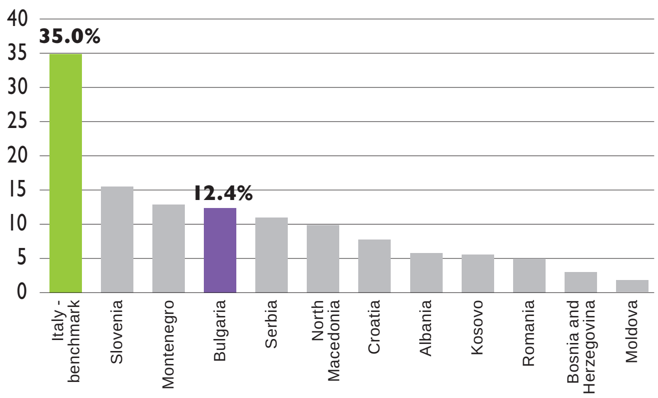
Source: World Bank

EXPORTS *(% of GDP)*



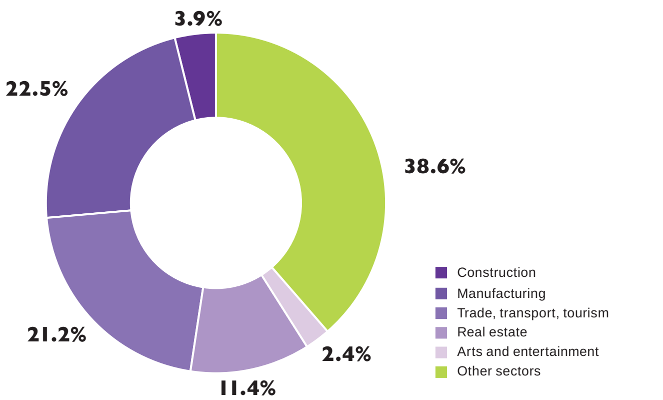
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA



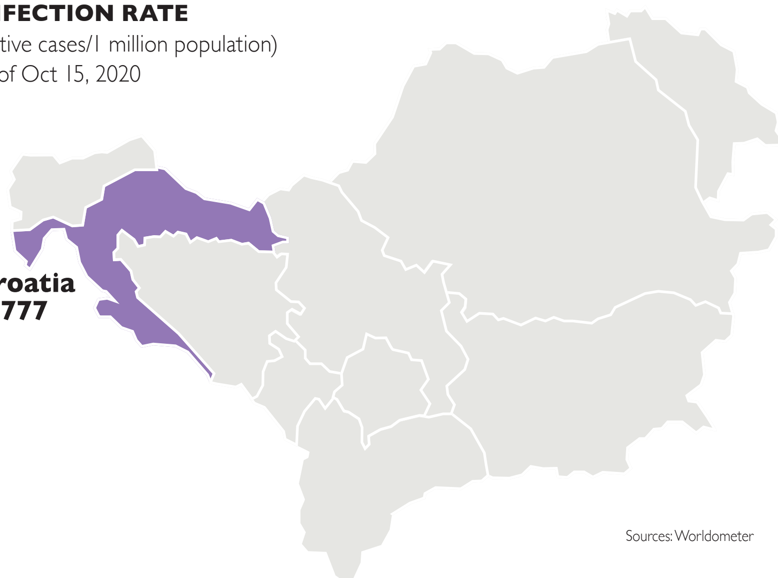
Source: National statistical institute

SEE LANDSCAPE

Croatia

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	MEDIUM	MEDIUM	LOW	MEDIUM	HIGH	LOW	LOW	MEDIUM	MEDIUM

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020



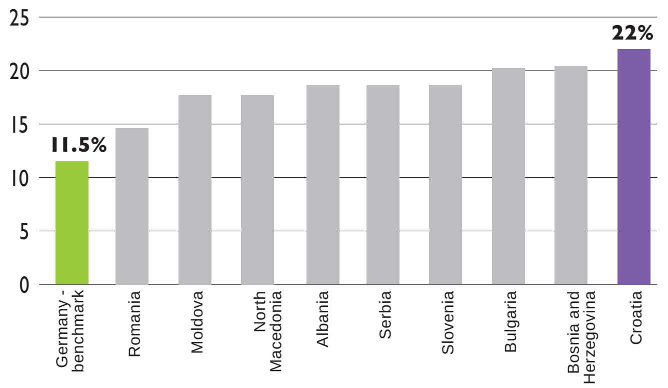
Sources: Worldometer

GDP RECOVERY TO 2019 LEVEL IN

2022

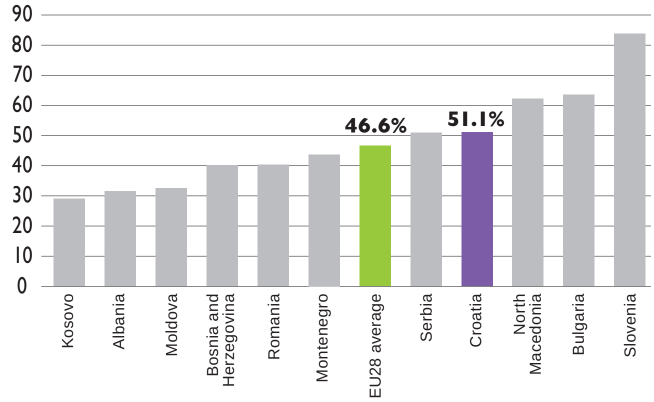
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



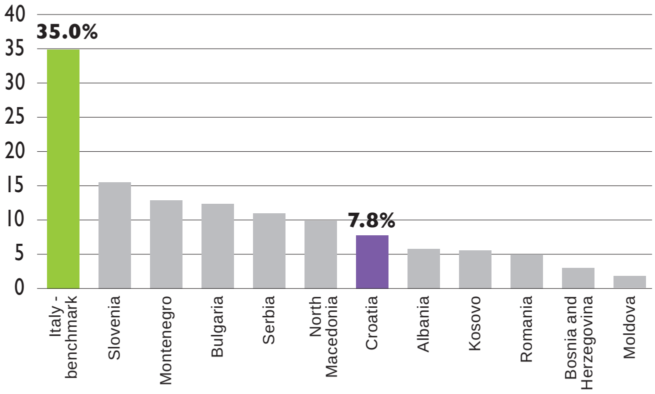
Source: World Bank

EXPORTS *(% of GDP)*



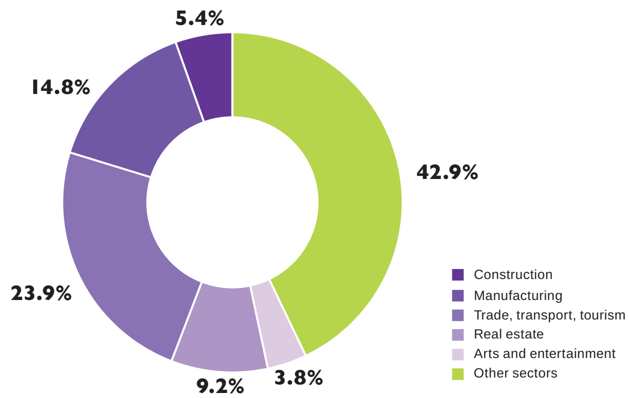
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA

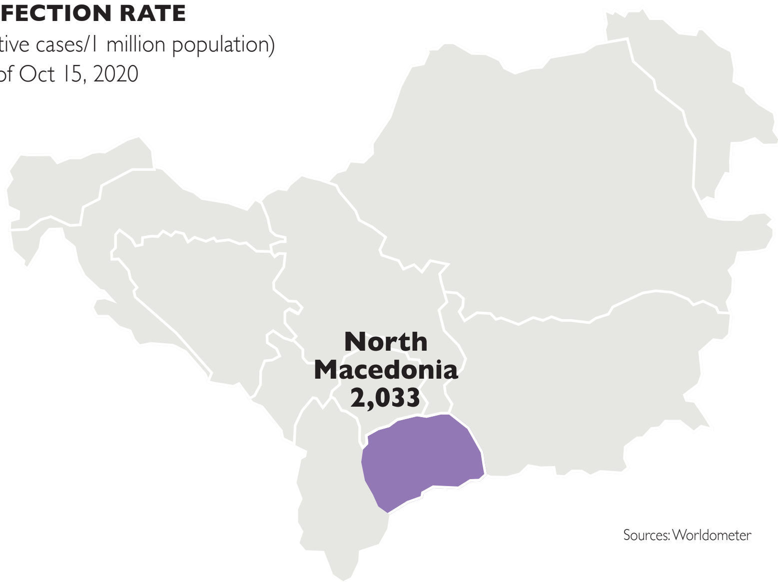


Source: National statistical institute

North Macedonia

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	MEDIUM	HIGH	HIGH	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM	LOW

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020



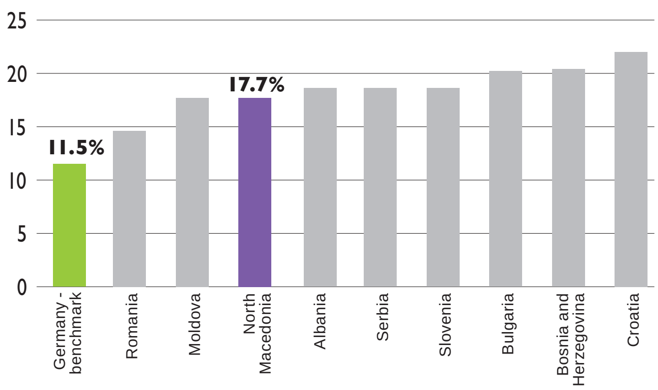
Sources: Worldometer

GDP RECOVERY TO 2019 LEVEL IN

2022

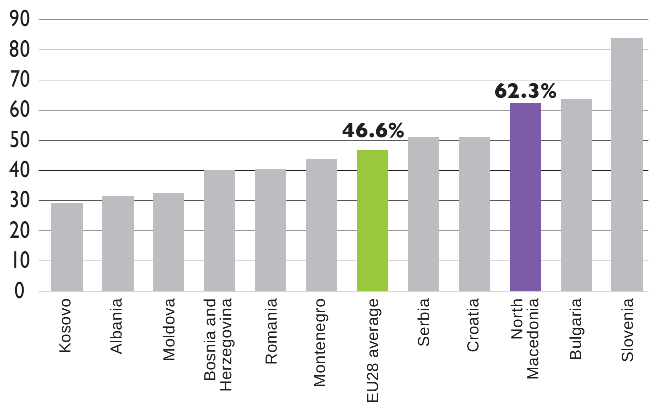
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



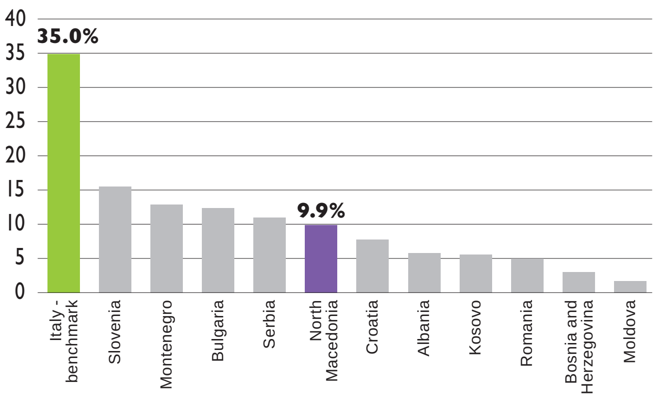
Source: World Bank

EXPORTS *(% of GDP)*



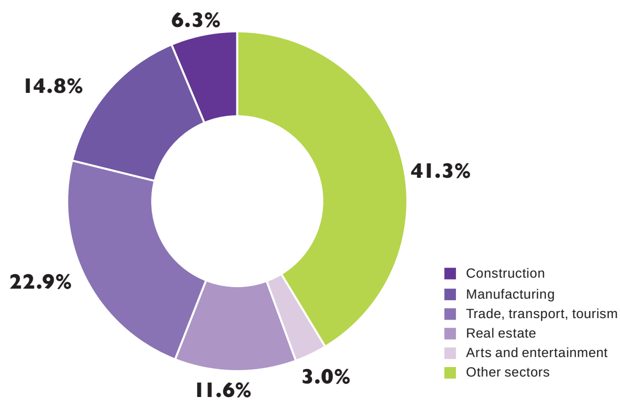
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA

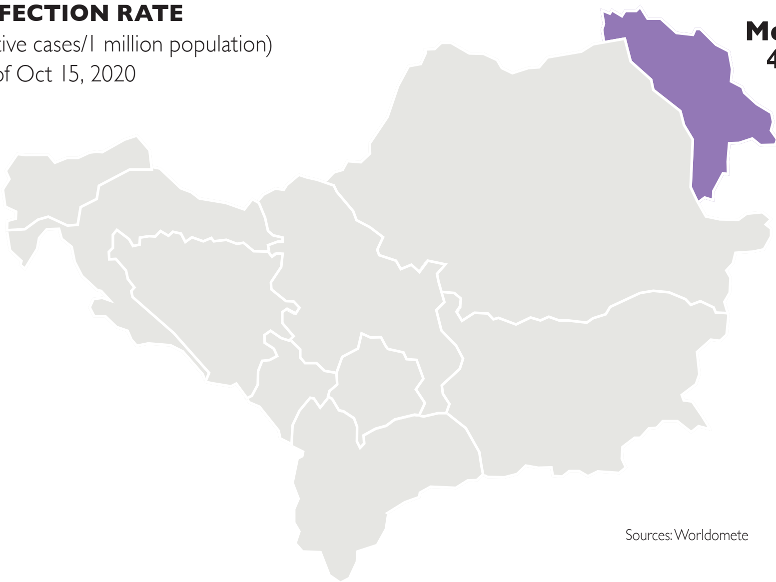


Source: National statistical institute

Moldova

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
MEDIUM	MEDIUM	HIGH	N/A	HIGH	LOW	HIGH	MEDIUM	MEDIUM	HIGH

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020



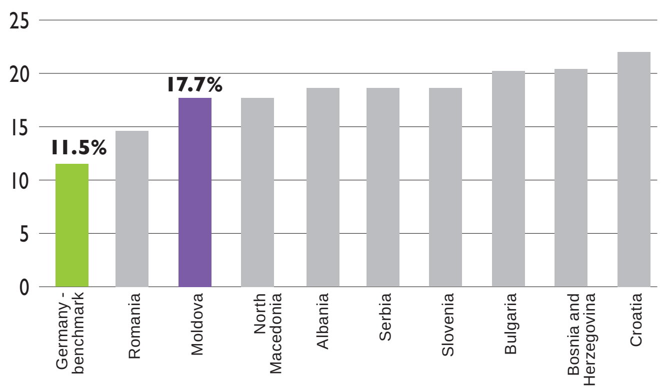
Sources: Worldomete

GDP RECOVERY TO 2019 LEVEL IN

2022

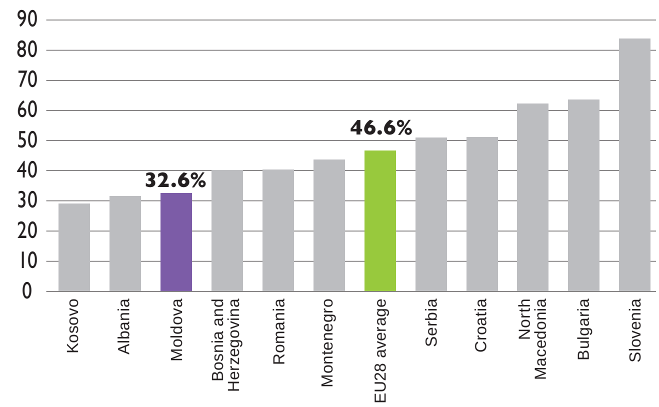
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



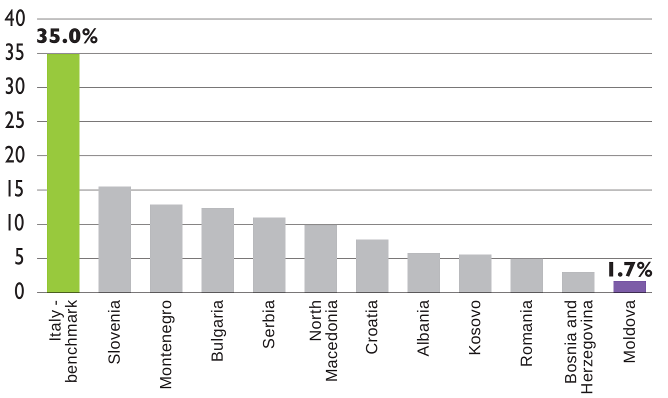
Source: World Bank

EXPORTS *(% of GDP)*



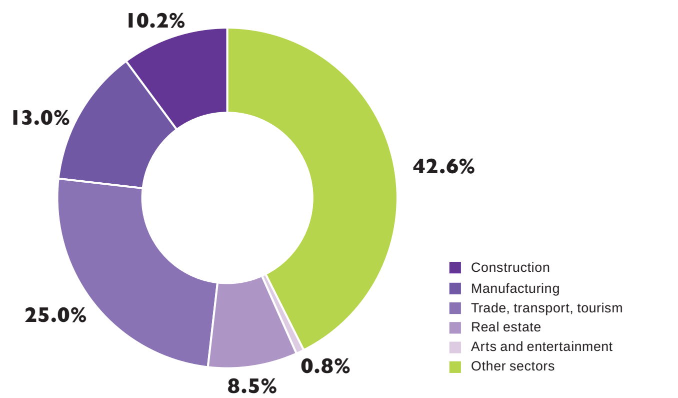
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA

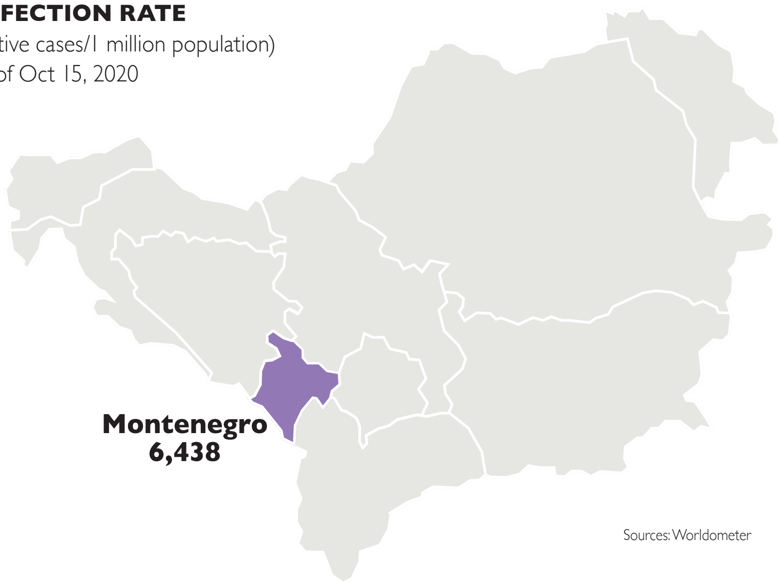


Source: National statistical institute

Montenegro

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	LOW	HIGH	LOW	LOW	LOW	MEDIUM	MEDIUM	MEDIUM	MEDIUM

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020



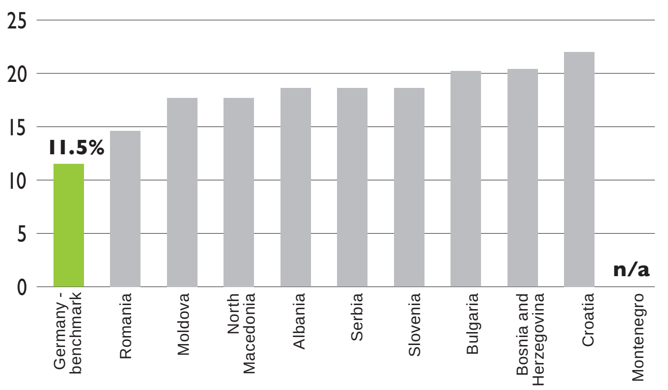
Sources: Worldometer

GDP RECOVERY TO 2019 LEVEL IN

2024

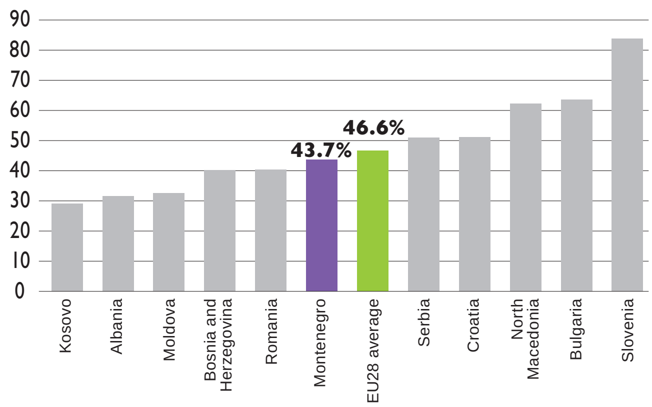
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



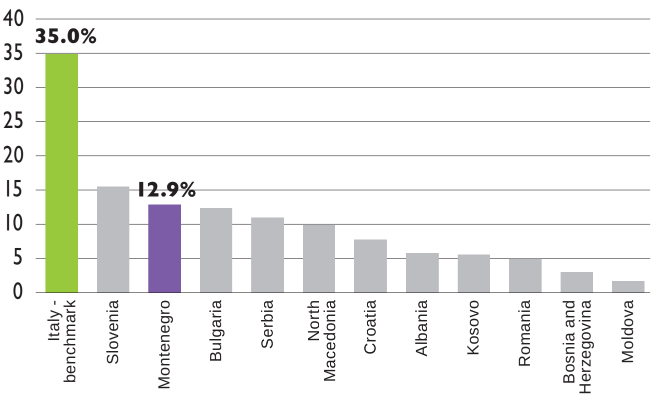
Source: World Bank

EXPORTS *(% of GDP)*



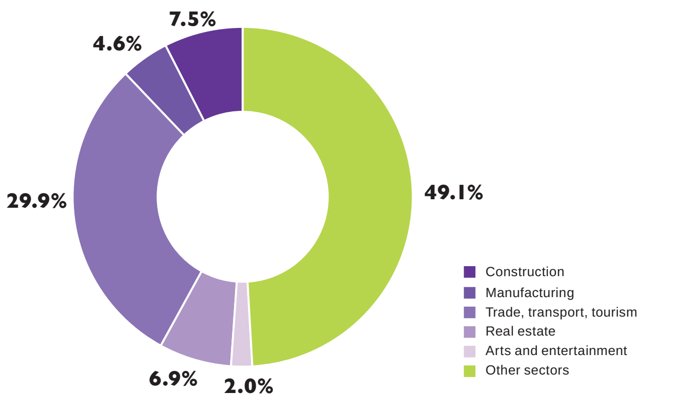
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA

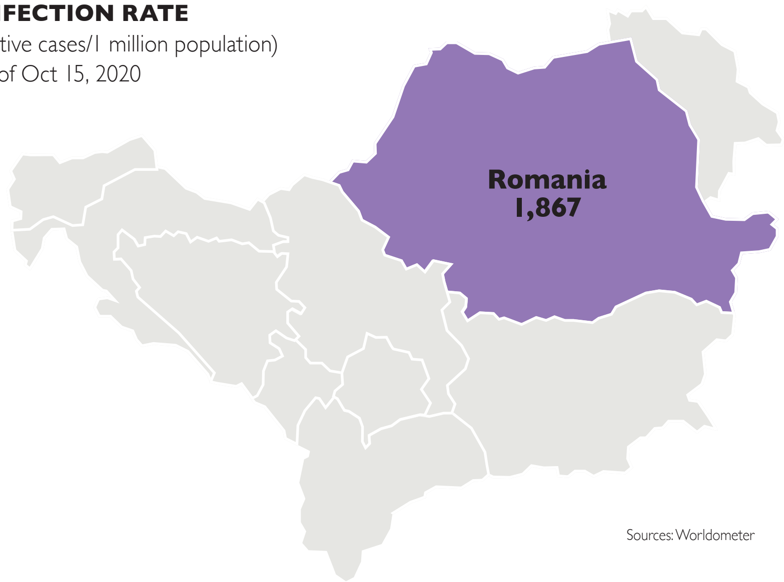


Source: National statistical institute

Romania

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	MEDIUM	HIGH	HIGH	LOW	LOW	MEDIUM	LOW	HIGH	MEDIUM

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020



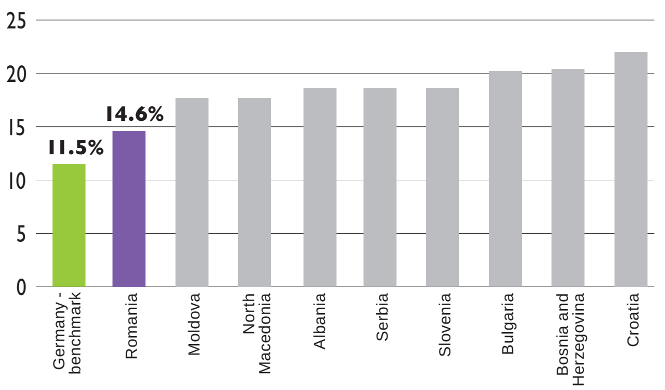
Sources: Worldometer

GDP RECOVERY TO 2019 LEVEL IN

2022

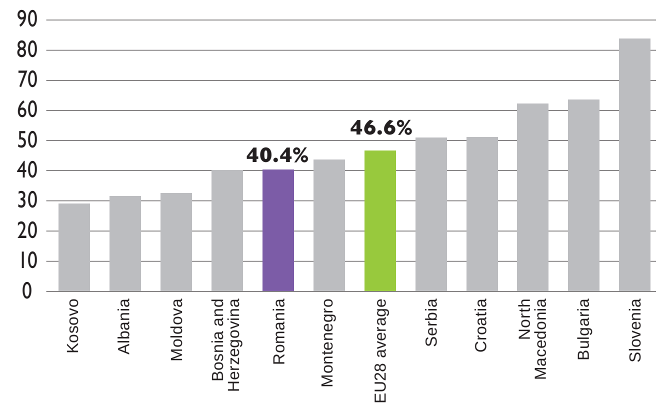
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



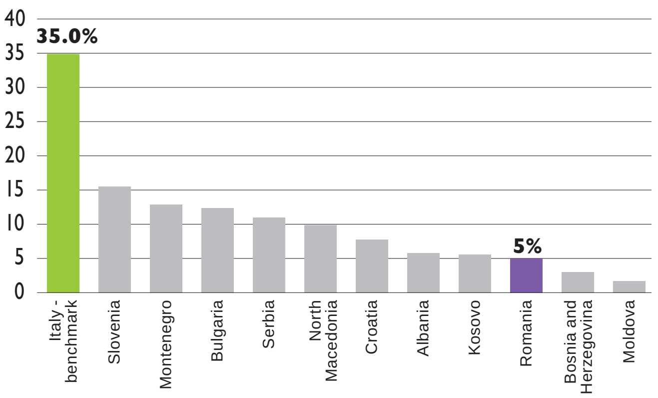
Source: World Bank

EXPORTS *(% of GDP)*



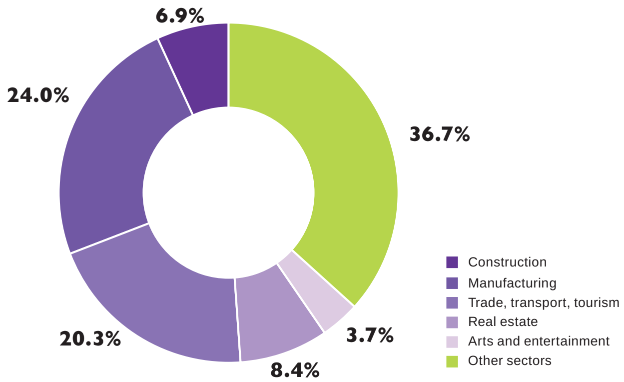
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA



Source: National statistical institute

Serbia

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	HIGH	MEDIUM	HIGH	MEDIUM	LOW	MEDIUM	HIGH	MEDIUM	MEDIUM

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020

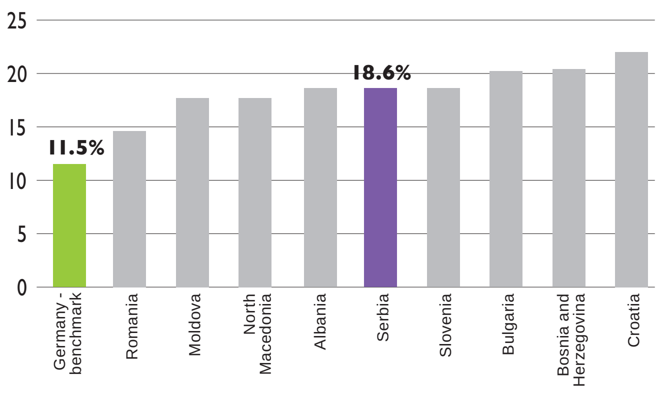
Sources: Worldometer

GDP RECOVERY TO 2019 LEVEL IN

2021

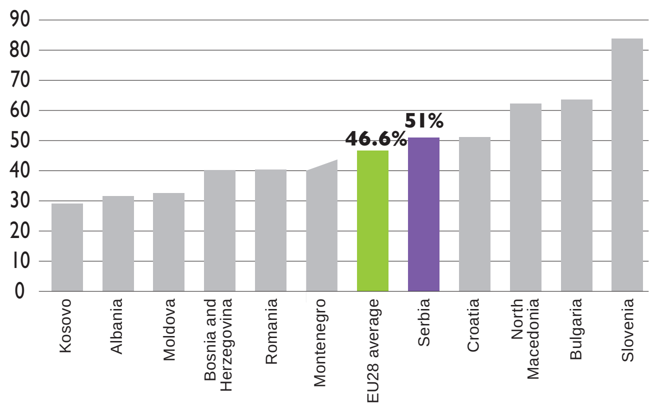
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



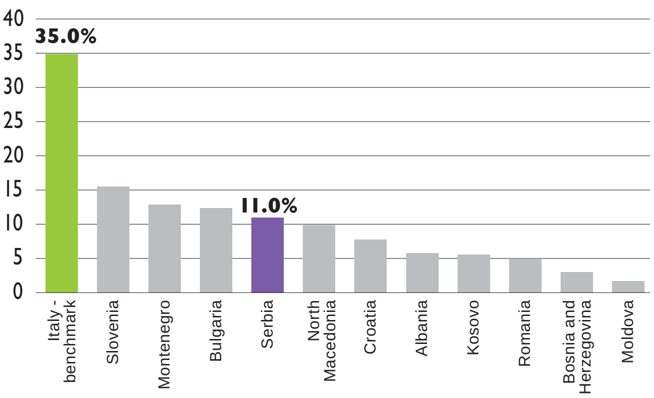
Source: World Bank

EXPORTS *(% of GDP)*



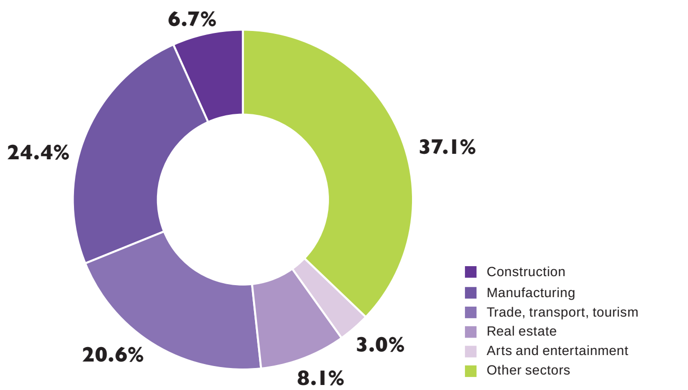
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA



Source: National statistical institute

Slovenia

ECONOMIC MEASURES	GDP RECOVERY	DEBT RISK	INDUSTRIAL OUTPUT	CREDIT RATINGS	SECTORAL RISK	GVA BOOSTERS	LABOUR MARKET	TAXES RISK	EXPORTS RISK
HIGH	MEDIUM	MEDIUM	HIGH	HIGH	MEDIUM	LOW	LOW	MEDIUM	LOW

INFECTION RATE
(active cases/1 million population)
as of Oct 15, 2020

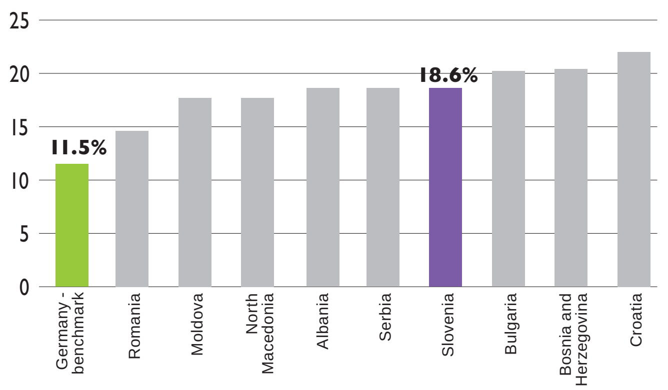
Sources: Worldometer,

GDP RECOVERY TO 2019 LEVEL IN

2022

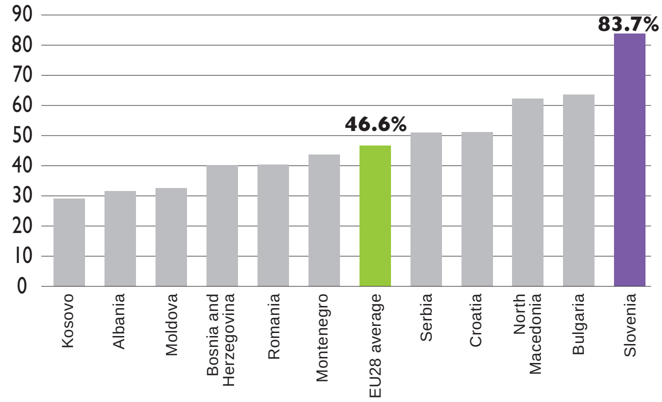
Sources: IMF, World Bank

TAX REVENUE *(% of GDP)*



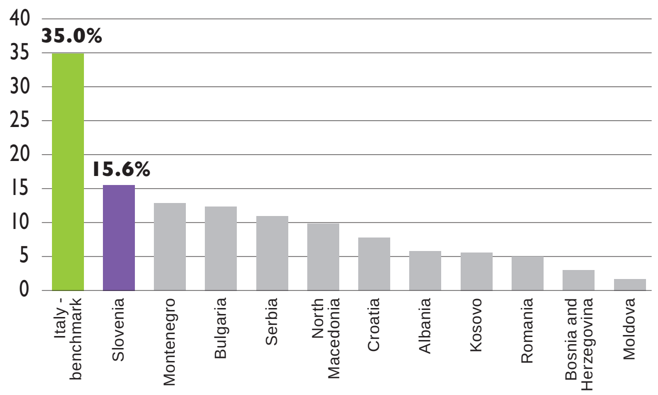
Source: World Bank

EXPORTS *(% of GDP)*



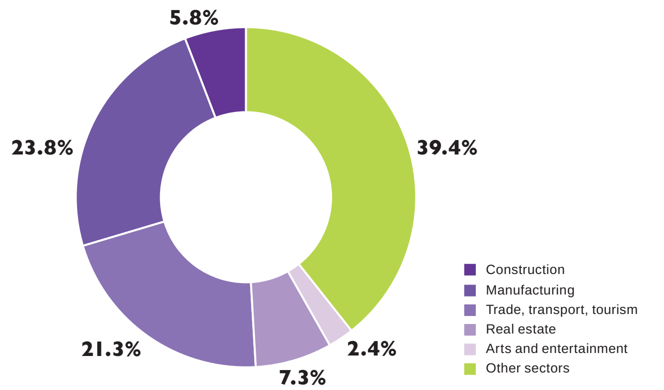
Source: Eurostat

ECONOMIC INCENTIVES PACKAGE *(% of GDP)*



Sources: IMF, OECD, European Commission

WORST-HIT SECTORS AS PERCENTAGE OF GVA



Source: National statistical institute

Rank 2019	Company name	Country	Industry	Total revenue 2019	Total revenue 2018	Y/Y change in revenue	Net profit/ loss 2019	Net profit/ loss 2018
	ALBANIA							
1	Kastrati Sh.a.	Albania	Petroleum/Natural Gas	534,979,866	499,777,372	5.61%	15,236,099	11,912,734
2	Operatori i Shperndarjes se Energjise Elektrike (OSHEE) Sh.a.	Albania	Electricity	474,148,855	458,637,222	2.00%	-60,770,305	9,172,744
3	Bankers Petroleum Albania Ltd.	Albania	Petroleum/Natural Gas	247,443,658	228,499,241	6.84%	n/a	n/a
4	Kurum International Sh.a.	Albania	Metals	221,633,692	211,432,061	3.42%	9,185,070	4,445,040
5	SPIECAPAG - Albania Branch	Albania	Construction	212,217,951	279,539,605	-25.10%	n/a	9,405,492
6	Info-Telecom Sh.p.k.	Albania	Telecommunications	211,981,492	230,221,817	-9.15%	2,352,069	2,533,774
7	Genklaudis Sh.a.	Albania	Petroleum/Natural Gas	207,634,489	185,369,464	10.51%	1,034,935	1,014,988
8	SPIECAPAG Transadriatica	Albania	Construction	206,841,584	191,096,180	6.79%	n/a	n/a
9	Europetrol Durres Albania Sh.a.	Albania	Petroleum/Natural Gas	142,403,751	140,454,398	0.03%	n/a	96,789
10	Kastrati Sh.p.k.	Albania	Oil and Gas	135,326,689	130,595,246	2.24%	8,037,256	5,515,818
	BOSNIA AND HERZEGOVINA							
1	Holdina d.o.o. Sarajevo	Bosnia and Herzegovina	Petroleum/Natural Gas	671,981,958	602,972,659	11.44%	4,290,274	1,184,526
2	Bingo d.o.o. Tuzla	Bosnia and Herzegovina	Wholesale/Retail	635,900,420	568,654,991	11.83%	47,754,757	39,066,748
3	JP Elektroprivreda BiH d.d.	Bosnia and Herzegovina	Electricity	543,190,633	542,315,092	0.16%	10,289,038	26,783,005
4	ArcelorMittal Zenica d.o.o.	Bosnia and Herzegovina	Metals	377,933,573	384,416,473	-1.69%	-20,698,270	-1,693,174
5	Boreas d.o.o. Kresevo	Bosnia and Herzegovina	Wholesale/Retail	281,479,053	250,137,386	12.53%	1,718,630	686,956
6	G-Petrol d.o.o. Sarajevo	Bosnia and Herzegovina	Petroleum/Natural Gas	270,890,547	180,702,632	49.91%	3,196,856	1,594,777
7	Hifa-Oil d.o.o.	Bosnia and Herzegovina	Petroleum/Natural Gas	265,800,937	266,986,113	-0.44%	5,666,836	4,928,248
8	Optima Grupa d.o.o. Banja Luka	Bosnia and Herzegovina	Petroleum/Natural Gas	263,664,743	469,801,691	-43.88%	-78,728,762	-44,734,394
9	Petrol BH Oil Company d.o.o. Sarajevo	Bosnia and Herzegovina	Petroleum/Natural Gas	260,799,964	264,898,252	-1.55%	5,967,153	2,971,090
10	MH ERS MP a.d.	Bosnia and Herzegovina	Electricity	254,197,768	244,326,712	4.04%	16,901,458	964,871
	BULGARIA							
1	Lukoil Neftochim Burgas AD	Bulgaria	Petroleum/Natural Gas	3,265,739,354	3,007,511,389	8.59%	-41,061,851	-130,018,458
2	Aurubis Bulgaria AD	Bulgaria	Metals	2,466,687,800	2,605,255,058	-5.32%	135,893,713	119,088,571
3	Lukoil-Bulgaria EOOD	Bulgaria	Petroleum/Natural Gas	1,698,204,343	1,703,676,189	-0.32%	34,884,422	529,698
4	Natsionalna Elektricheska Kompania EAD	Bulgaria	Electricity	1,440,503,009	1,650,043,204	-12.70%	-644,228	-37,730,273
5	Astra Bioplant EOOD	Bulgaria	Petroleum/Natural Gas	984,508,367	611,050,551	61.12%	7,242,449	6,586,973
6	Saksa OOD	Bulgaria	Petroleum/Natural Gas	912,239,305	869,234,545	4.95%	11,671,260	8,117,270
7	Kaufland Bulgaria EOOD & Co KD	Bulgaria	Wholesale/Retail	845,558,663	803,076,443	5.29%	39,074,971	36,181,059
8	Bulgargaz EAD	Bulgaria	Petroleum/Natural Gas	718,231,646	666,653,544	7.74%	17,603,268	-16,350,092
9	AETs Kozloduy EAD	Bulgaria	Electricity	682,909,558	574,094,374	18.95%	166,114,642	83,619,742
10	Express Logistic and Distribution EOOD	Bulgaria	Wholesale/Retail	663,305,604	626,679,210	5.84%	3,270,734	1,359,525
	CROATIA							
1	INA d.d.	Croatia	Petroleum/Natural Gas	2,903,966,098	2,955,682,956	-1.42%	88,141,478	179,843,143
2	Hrvatska Elektroprivreda d.d.	Croatia	Electricity	1,413,472,882	1,269,129,466	11.75%	148,780,127	47,721,257
3	Konzum Plus d.o.o.	Croatia	Wholesale/Retail	1,028,844,164	n/a	n/a	-15,430,267	n/a
4	Prvo Plinarsko Drustvo d.o.o.	Croatia	Petroleum/Natural Gas	952,679,044	1,100,917,618	-13.17%	26,702,568	15,080,940
5	Hrvatski Telekom d.d.	Croatia	Telecommunications	815,554,267	835,190,983	-2.02%	96,346,220	133,555,875
6	Lidl Hrvatska d.o.o. k.d.	Croatia	Wholesale/Retail	799,841,050	708,396,747	13.29%	49,802,757	45,373,185
7	Crodux Derivati Dva d.o.o.	Croatia	Petroleum/Natural Gas	763,269,055	721,583,132	6.13%	19,197,241	15,517,336
8	Pliva Hrvatska d.o.o.	Croatia	Pharmaceuticals	639,114,662	548,403,488	16.93%	132,269,724	15,338,975
9	Spar Hrvatska d.o.o.	Croatia	Wholesale/Retail	599,596,914	565,294,048	6.43%	-3,542,320	-5,486,834
10	Plodine d.d.	Croatia	Wholesale/Retail	587,503,635	568,960,546	3.61%	17,877,384	15,954,023
	NORTH MACEDONIA							
1	Johnson Matthey DOOEL	North Macedonia	Chemicals	1,903,101,809	1,752,437,678	8.58%	77,004,421	97,782,096
2	Okta AD	North Macedonia	Petroleum/Natural Gas	450,691,723	448,246,882	0.53%	4,274,041	-1,628,219
3	Makpetrol AD	North Macedonia	Petroleum/Natural Gas	372,400,058	357,771,087	4.07%	14,282,222	12,653,321
4	Kromberg & Schubert Macedonia DOOEL	North Macedonia	Wholesale/Retail	248,376,335	223,062,721	11.33%	4,344,009	3,861,127
5	EVN Macedonija AD	North Macedonia	Electricity	242,066,939	369,973,786	-34.58%	34,048,216	17,164,810
6	Elektrani na Severna Makedonija (ELEM) AD	North Macedonia	Electricity	207,410,109	223,444,979	-7.19%	3,144,476	27,213,676
7	Van Hool Makedonija DOOEL	North Macedonia	Automobiles	178,982,380	179,187,170	-0.13%	12,443,466	12,371,233
8	Makedonski Telekom AD	North Macedonia	Telecommunications	178,931,750	172,906,122	3.47%	24,483,700	23,116,741
9	Euronikel Industri DOO	North Macedonia	Metals	169,543,194	n/a	n/a	10,528,612	n/a
10	Kam DOOEL	North Macedonia	Wholesale/Retail	149,010,777	130,637,906	14.05%	4,817,209	3,414,749

Rank 2019	Company name	Country	Industry	Total revenue 2019	Total revenue 2018	Y/Y change in revenue	Net profit/ loss 2019	Net profit/ loss 2018
	MOLDOVA							
1	Moldovagaz SA	Moldova	Petroleum/Natural Gas	283,597,657	332,829,795	-15.93%	1,162,004	9,809,453
2	Energocom SA	Moldova	Electricity	232,200,878	189,317,165	21.01%	1,270,073	1,134,289
3	Orange Moldova SA	Moldova	Telecommunications	141,000,000	115,182,468	22.41%	n/a	n/a
4	Termoelectrica SA	Moldova	Electricity	127,752,243	137,034,323	-8.02%	10,378,234	9,498,321
5	Floarea Soarelui SA	Moldova	Food/Drinks/Tobacco	120,582,106	91,979,835	29.35%	241,366	102,412
6	Moldtelecom SA	Moldova	Telecommunications	89,068,252	91,684,242	-4.15%	1,532,091	3,022,908
7	Supraten SA	Moldova	Building materials	62,044,697	55,245,316	10.81%	3,050,764	1,892,404
8	Franzeluta SA	Moldova	Food/Drinks/Tobacco	32,050,868	31,823,061	-0.63%	333,781	480,882
9	Cet-Nord SA	Moldova	Electricity	14,271,577	15,399,297	-8.56%	-1,073,707	104,126
10	Fabrica de Brinzeturi din Soroca SA	Moldova	Food/Drinks/Tobacco	13,432,247	11,157,402	18.78%	666,415	851,177
	MONTENEGRO							
1	Elektroprivreda Crne Gore A.D.	Montenegro	Electricity	337,262,501	326,313,295	3.36%	28,348,159	44,076,758
2	Voli Trade D.O.O.	Montenegro	Wholesale/Retail	242,399,346	230,679,652	5.08%	4,875,702	4,529,679
3	China Road & Bridge Corporation D.O.O.	Montenegro	Civil Engineering	171,999,630	264,152,492	-34.89%	-62,394,722	-221,264,067
4	Hard Discount Lakovic D.O.O.	Montenegro	Wholesale/Retail	165,594,529	150,606,971	9.95%	4,923,702	3,705,204
5	Jugopetrol A.D.	Montenegro	Petroleum/Natural Gas	159,340,111	164,847,154	-3.34%	4,326,500	6,772,038
6	Bemax D.O.O.	Montenegro	Metals	107,261,569	114,547,587	-6.36%	11,771,166	13,341,740
7	Mercator-CG D.O.O.	Montenegro	Wholesale/Retail	104,318,241	105,328,008	-0.96%	1,042,013	454,527
8	Domaca Trgovina D.O.O.	Montenegro	Wholesale/Retail	87,338,471	72,902,946	19.80%	786,753	122,750
9	Montenegro Airlines A.D	Montenegro	Transportation	81,545,095	80,212,320	1.66%	-7,962,948	-1,971,756
10	Crnogorski Telekom A.D.	Montenegro	Telecommunications	81,178,817	85,786,470	-5.37%	4,292,336	7,265,647
	ROMANIA							
1	Automobile-Dacia SA	Romania	Automobiles	5,213,699,479	5,348,387,287	-0.11%	138,662,321	161,322,229
2	OMV Petrom SA	Romania	Petroleum/Natural Gas	4,650,109,693	4,194,801,030	13.60%	745,629,923	831,846,748
3	OMV Petrom Marketing SRL	Romania	Petroleum/Natural Gas	4,021,896,028	3,863,857,175	6.67%	92,658,770	89,840,349
4	Rompetrol Rafinare SA	Romania	Petroleum/Natural Gas	3,117,747,558	3,067,148,478	4.16%	-73,803,793	-49,359,041
5	Rompetrol Downstream SRL	Romania	Petroleum/Natural Gas	2,512,837,576	2,361,973,101	9.02%	19,651,151	16,250,394
6	Kaufland Romania SCS	Romania	Wholesale/Retail	2,498,540,720	2,348,735,935	9.01%	177,362,757	169,111,948
7	British American Tobacco (Romania) Trading SRL	Romania	Food/Drinks/Tobacco	2,276,881,447	2,077,539,521	12.31%	22,585,826	33,338,860
8	Ford Romania SA	Romania	Automobiles	2,200,447,508	2,285,985,362	-1.36%	33,286,089	37,824,045
9	Lidl Discount SRL	Romania	Wholesale/Retail	2,064,511,168	1,698,272,812	24.57%	102,817,169	88,392,432
10	Dedeman SRL	Romania	Wholesale/Retail	1,754,213,996	1,581,733,404	13.65%	268,310,393	217,231,005
	SERBIA							
1	JP Elektroprivreda Srbije	Serbia	Electricity	2,470,666,215	2,350,201,570	4.59%	31,236,276	14,963,357
2	Naftna Industrija Srbije AD	Serbia	Petroleum/Natural Gas	2,130,726,663	2,249,561,830	-5.76%	150,972,919	221,210,871
3	Delhaize Serbia DOO	Serbia	Wholesale/Retail	910,337,351	881,544,009	2.74%	44,140,345	22,619,925
4	Tigar Tyres DOO	Serbia	Rubber Products	889,847,757	694,912,067	27.40%	76,978,267	40,980,482
5	JP Srbijagas	Serbia	Petroleum/Natural Gas	834,334,400	747,192,210	11.09%	40,700,179	49,326,672
6	Telekom Srbija AD	Serbia	Telecommunications	809,739,040	784,101,519	2.74%	29,655,527	86,319,628
7	EPS Distribucija DOO	Serbia	Electricity	731,652,670	723,316,904	0.64%	-49,091,300	-20,792,829
8	Mercator-S DOO	Serbia	Wholesale/Retail	680,414,398	696,933,384	-2.87%	-18,404,981	-14,106,670
9	Nelt Co DOO	Serbia	Transportation	676,941,726	671,264,562	0.33%	5,126,476	4,552,122
10	Infrastructure Development and Construction DOO	Serbia	Construction	668,092,340	25	n/a	26,329,077	-84,997
	SLOVENIA							
1	Petrol d.d.	Slovenia	Petroleum/Natural Gas	3,647,942,127	3,641,500,633	0.18%	60,249,229	100,592,235
2	GEN-I d.o.o.	Slovenia	Electricity	2,280,162,557	2,395,572,316	-4.82%	15,527,599	12,963,418
3	Revoz d.d.	Slovenia	Automobiles	1,802,703,000	1,776,818,926	1.46%	24,169,000	33,615,675
4	Holding Slovenske Elektrarne d.o.o.	Slovenia	Electricity	1,762,118,339	1,519,177,750	15.99%	60,117,716	9,486,269
5	Krka d.d.	Slovenia	Pharmaceuticals	1,428,438,000	1,252,931,000	14.01%	249,411,000	163,329,000
6	Poslovni Sistem Mercator d.d.	Slovenia	Wholesale/Retail	1,245,595,000	1,181,603,000	5.42%	-13,807,000	-10,882,000
7	Lek d.d.	Slovenia	Pharmaceuticals	1,205,493,000	1,090,282,707	10.57%	115,812,000	116,666,187
8	Gorenje d.o.o.	Slovenia	Electronics	893,926,000	839,082,950	6.54%	-59,518,000	-126,831,002
9	OMV Slovenija d.o.o.	Slovenia	Petroleum/Natural Gas	803,080,000	802,534,462	0.07%	24,924,000	23,980,155
10	IMPOL d.o.o.	Slovenia	Metals	784,160,685	800,743,318	-2.07%	13,192,873	18,834,401

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