

SeeNews

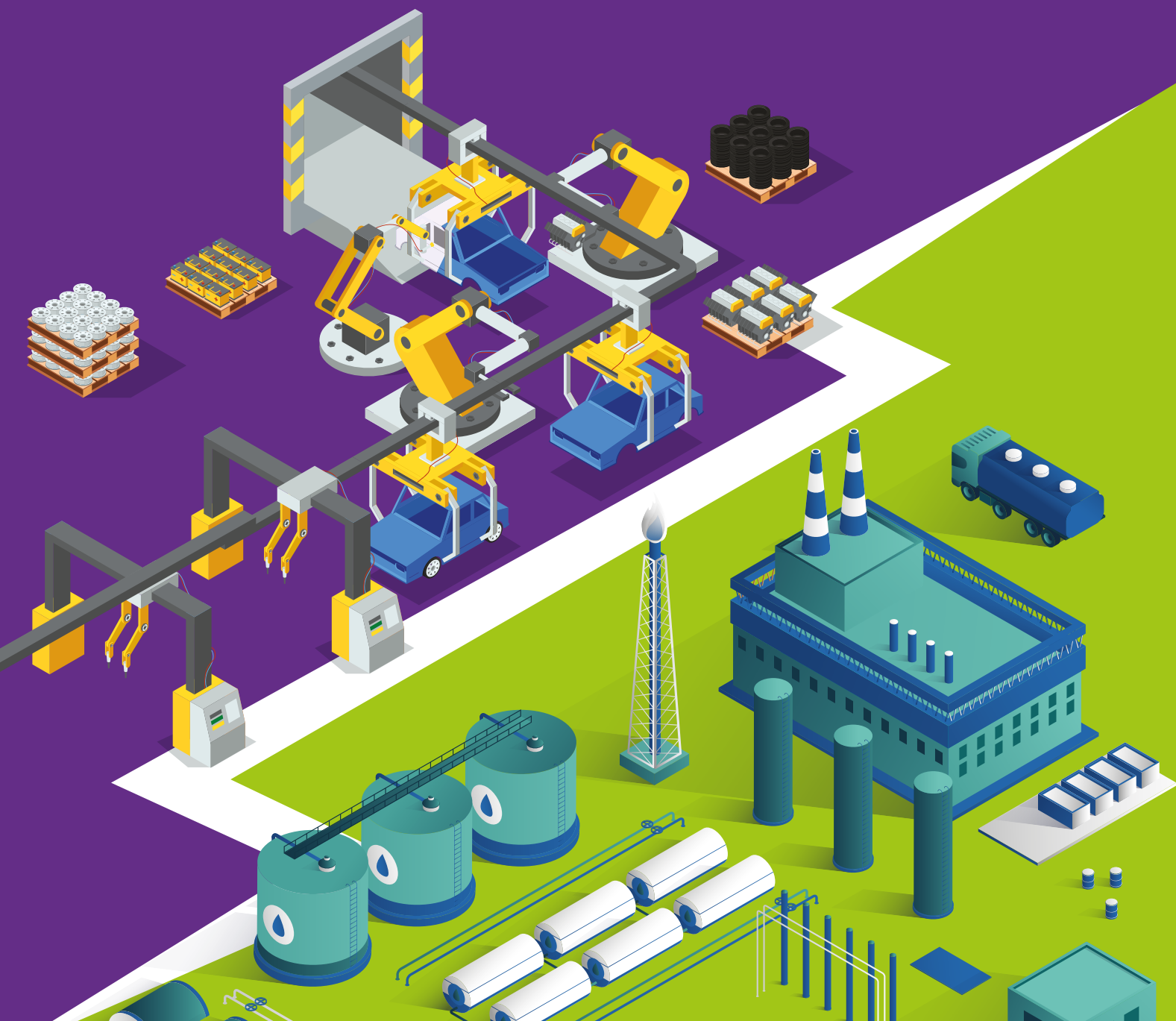
Business Intelligence  
for Southeast Europe

Southeast Europe's

# TOP 100

biggest companies

14<sup>th</sup>  
Annual  
edition



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<b>Companies</b>	<b>4-19</b>
<b>Banks</b>	<b>20-35</b>
<b>Insurers</b>	<b>36-47</b>
<b>Revenue per Capita</b>	<b>48</b>
<b>Most Dynamic</b>	<b>49</b>
<b>Industries</b>	<b>50-57</b>
<b>Regulations</b>	<b>58-61</b>
<b>M&amp;A</b>	<b>62-65</b>
<b>Landscape</b>	<b>66-80</b>

Editor-in-chief:  
**Nevena Krasteva**

Editors: **Branimir Kondov,**  
**Liliya Goranova**

Authors:  
**Dragana Petrushevsk,**  
**Nicoleta Banila,**  
**Petar Galev, Radomir Ralev,**  
**Viktor Laskov**

Research team:  
**Martin Todorov,**  
**Miglena Asenova,**  
**Polya Metodieva,**  
**Tsvetan Ivanov,**  
**Valentin Stamov**

Marketing & sales:  
**Anna Tsenova,**  
**Yordanka Pencheva,**  
**Temenuga Dimitrova**

Cover: **Robert Shunev**

Design & prepress:  
**Madlen Nacheva,**  
**Robert Shunev**

Print: **Alliance Print AD**

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Contact us:  
117, Hristo Botev, 1303 Sofia, Bulgaria  
tel: +359 2 8012 630  
email: [consulting@seenews.com](mailto:consulting@seenews.com)

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# Letter from the editor

In 2020, the revenue of the biggest company in Southeast Europe fell by a quarter and its profit more than halved. The company had to close one of its plants for a month, the components it needed in manufacturing did not arrive on time and sales shrank as buying a new car was definitely not a priority for most people.

“The pandemic prompted us to fundamentally change our behaviour. It made us more adaptable, more agile, through the efficient application of digitalisation and telework,” the head of that company says.

Agility and resilience are the words that appear in every article in the 14th edition of SEE TOP 100, always side by side with digitalisation and green transition, as we talk to company CEOs, policy makers and market analysts.

As the European Union prepares to pour out billions of euro under its Recovery and Resilience Facility (RRF) to back the bloc’s return to growth, we ask Dubravka Suica, European Commission Vice-President for Democracy and Demography, how it will make sure that the money is not misused.

The resilience that Eurozone membership gives, the areas of Croatia’s economy that will receive support under the RRF and the way the country manages its public debt are they main topics of our interview with finance minister Zdravko Maric.

A sector that emerged as a clear champion in 2020 is e-commerce, as the pandemic-induced crisis only accelerated an existing major shift in consumer habits.

New extremely flexible financing options, a quick access to a vast range of products and an upsurge in innovation are the silver lining of the crisis.

By the way, the company at the beginning of this letter, a car maker, rolled out two new models in 2020 and is preparing to launch a hybrid SUV.

**Nevena Krasteva**  
*Editor-in-chief*

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for Southeast Europe



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**123**

Industries



**11**

countries



**800,000**

companies

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in millions of euro

Rank 2020	Rank 2019	Company name	Country	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019	Rank by net profit/loss
1	1	Automobile-Dacia SA	Romania	Automobiles	3814.4	5213.7	-25.46%	61.2	138.7	22
2	2	OMV Petrom SA	Romania	Petroleum/Natural Gas	3808.4	4650.1	-16.56%	283.7	745.6	3
3	3	OMV Petrom Marketing SRL	Romania	Petroleum/Natural Gas	2996.8	4021.9	-24.08%	67.4	92.7	20
4	11	Aurubis Bulgaria AD	Bulgaria	Metals	2761.6	2475.7	11.55%	135.4	135.9	11
5	16	Lidl Discount SRL	Romania	Wholesale/Retail	2667.5	2064.5	31.64%	155.3	102.8	8
6	9	Kaufland Romania SCS	Romania	Wholesale/Retail	2650.7	2498.5	8.09%	199.3	177.4	6
7	14	Ford Romania SA	Romania	Automobiles	2575.4	2200.4	19.25%	15.9	33.3	63
8	10	JP Elektroprivreda Srbije	Serbia	Electricity	2557.3	2470.7	3.50%	109.9	31.2	13
9	4	Petrol d.d.	Slovenia	Petroleum/Natural Gas	2468.8	3647.9	-32.32%	28.9	60.2	44
10	13	British American Tobacco (Romania) Trading SRL	Romania	Food/Drinks/Tobacco	2363.3	2276.9	5.75%	28.4	22.6	46
11	20	Dedeman SRL	Romania	Wholesale/Retail	2182.5	1754.2	26.76%	298.7	268.3	1
12	12	GEN-I d.o.o.	Slovenia	Electricity	2145.6	2229.7	-3.77%	14.7	15.5	64
13	8	Romp petrol Downstream SRL	Romania	Petroleum/Natural Gas	1936.4	2512.8	-21.49%	20.4	19.7	57
14	24	Profi Rom Food SRL	Romania	Wholesale/Retail	1902.8	1575.4	23.06%	-25.5	-7.5	88
15	7	INA d.d.	Croatia	Petroleum/Natural Gas	1886.8	2904.0	-34.20%	-123.8	88.1	97
16	21	Carrefour Romania SA	Romania	Wholesale/Retail	1877.5	1743.6	9.71%	48.4	41.2	28
17	19	Holding Slovenske Elektrotrane d.o.o.	Slovenia	Electricity	1870.7	1762.1	6.16%	-226.9	60.1	99
18	6	Romp petrol Rafinare SA	Romania	Petroleum/Natural Gas	1800.0	3118.2	-41.19%	-132.6	-73.8	98
19	17	Johnson Matthey DOOEL	North Macedonia	Chemicals	1742.0	1903.1	-8.16%	68.4	77.0	19
20	5	Lukoil Neftochim Burgas AD	Bulgaria	Petroleum/Natural Gas	1548.3	3265.7	-52.59%	-260.4	-41.1	100
21	26	Star Assembly SRL	Romania	Automobiles	1530.2	1511.1	3.17%	49.8	48.6	26
22	15	Naftna Industrija Srbije AD	Serbia	Petroleum/Natural Gas	1496.0	2130.7	-29.80%	-50.4	151.0	92
23	31	Mega Image SRL	Romania	Wholesale/Retail	1488.1	1396.5	8.57%	32.8	57.0	40
24	29	Krka d.d.	Slovenia	Pharmaceuticals	1484.0	1428.4	3.89%	258.5	249.4	5
25	18	Revoz d.d.	Slovenia	Automobiles	1401.2	1802.7	-22.27%	-1.6	24.2	82
26	43	Dante International SA	Romania	Wholesale/Retail	1395.3	1011.3	40.57%	22.0	10.4	55
27	25	Engie Romania SA	Romania	Petroleum/Natural Gas	1394.1	1515.0	-6.25%	102.4	70.2	14
28	42	Konzum Plus d.o.o.	Croatia	Wholesale/Retail	1331.4	1028.9	31.05%	-33.6	-15.4	89
29	28	Natsionalna Električeska Kompania EAD	Bulgaria	Electricity	1311.0	1441.1	-9.03%	23.7	-0.6	54
30	45	Prvo Plinarsko Društvo d.o.o.	Croatia	Petroleum/Natural Gas	1298.8	952.7	38.06%	30.1	26.7	43
31	34	Poslovni Sistem Mercator d.d.	Slovenia	Wholesale/Retail	1273.1	1245.6	2.21%	-55.4	-13.8	94
32	36	Metro Cash & Carry Romania SRL	Romania	Wholesale/Retail	1270.4	1230.9	5.16%	15.9	19.5	62
33	30	Hrvatska Elektroprivreda d.d.	Croatia	Electricity	1251.7	1413.5	-10.32%	185.9	148.8	7
34	23	Lukoil Romania SRL	Romania	Petroleum/Natural Gas	1229.2	1593.0	-21.38%	30.7	25.0	41
35	37	Lek d.d.	Slovenia	Pharmaceuticals	1222.9	1205.5	1.44%	140.3	115.8	10
36	54	Gorenje d.o.o.	Slovenia	Electronics	1219.9	893.9	36.46%	-11.5	-59.5	86
37	35	Orange Romania SA	Romania	Telecommunications	1181.8	1245.2	-3.30%	94.7	80.5	15
38	27	MOL Romania Petroleum Products SRL	Romania	Petroleum/Natural Gas	1146.5	1485.7	-21.38%	57.7	58.0	24
39	38	Auchan Romania SA	Romania	Wholesale/Retail	1142.1	1156.8	0.59%	20.7	5.9	56
40	22	Lukoil-Bulgaria EOOD	Bulgaria	Petroleum/Natural Gas	1109.7	1698.2	-34.66%	4.9	34.9	75
41	33	Liberty Galati SA	Romania	Metals	1079.5	1254.4	-12.33%	-10.5	6.0	85
42	57	Altex Romania SRL	Romania	Wholesale/Retail	1073.3	871.4	25.49%	25.3	15.8	51
43	41	Electrica Furnizare SA	Romania	Electricity	1056.6	1034.1	4.11%	47.9	24.1	29
44	48	CFR SA	Romania	Transportation	1044.1	929.5	14.44%	-57.8	-5.3	95
45	40	Samsung Electronics Romania SRL	Romania	Electronics	1014.6	1068.6	-3.26%	20.1	25.9	59
46	55	Vodafone Romania SA	Romania	Telecommunications	978.0	890.1	11.95%	-44.0	33.7	90
47	63	REWE (Romania) SRL	Romania	Wholesale/Retail	975.6	832.7	19.38%	17.5	11.5	60
48	50	Delhaize Serbia DOO	Serbia	Wholesale/Retail	963.8	910.3	5.86%	33.5	44.1	38
49	98	BA Glass Bulgaria EAD	Bulgaria	Glass Products	938.5	591.4	58.70%	65.2	40.9	21
50	new	Consortium Arkad DZZD	Bulgaria	Construction	932.4	0.0	n/a	6.4	0.0	73

in millions of euro

Rank 2020	Rank 2019	Company name	Country	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019	Rank by net profit/loss
51	51	E.ON Energie Romania SA	Romania	Petroleum/Natural Gas	919.9	899.4	4.21%	-1.2	6.1	81
52	60	Mediplus Exim SRL	Romania	Wholesale/Retail	910.8	848.9	9.32%	24.8	3.5	52
53	53	Fildas Trading SRL	Romania	Wholesale/Retail	896.4	898.5	1.64%	32.9	28.1	39
54	61	Kaufland Bulgaria EOOD & Co KD	Bulgaria	Wholesale/Retail	889.6	843.7	5.44%	43.4	39.1	32
55	58	Cofco International Romania SRL	Romania	Agriculture	876.7	868.3	2.88%	12.2	2.7	67
56	39	Romgaz SA	Romania	Petroleum/Natural Gas	863.1	1108.5	-20.67%	262.6	218.9	4
57	44	Astra Bioplant EOOD	Bulgaria	Petroleum/Natural Gas	860.9	974.5	-11.66%	20.2	7.2	58
58	47	RCS & RDS SA	Romania	Telecommunications	855.2	931.2	-6.44%	50.0	72.1	25
59	70	Robert Bosch SRL	Romania	Automobiles	827.2	798.4	5.55%	12.0	24.7	68
60	67	Telekom Srbija AD	Serbia	Telecommunications	822.8	809.7	1.61%	47.0	29.7	30
61	64	Selgros Cash & Carry SRL	Romania	Wholesale/Retail	822.0	829.8	0.92%	12.8	17.2	66
62	new	Belektron d.o.o.	Slovenia	Financial Services	818.0	1044.8	-21.71%	9.5	9.1	69
63	56	Tigar Tyres DOO	Serbia	Rubber/Rubber Products	815.6	889.8	-8.36%	78.6	77.0	17
64	52	Hidroelectrica SA	Romania	Electricity	807.9	899.1	-8.44%	298.1	290.1	2
65	71	Alliance Healthcare Romania SRL	Romania	Wholesale/Retail	806.5	795.2	3.34%	16.1	16.1	61
66	69	Lidl Hrvatska d.o.o. k.d.	Croatia	Wholesale/Retail	803.4	788.1	3.24%	45.7	49.8	31
67	32	Petrotel - Lukoil SA	Romania	Petroleum/Natural Gas	788.5	1256.7	-36.08%	-90.7	-14.2	96
68	62	JP Srbijagas	Serbia	Petroleum/Natural Gas	780.9	834.3	-6.41%	25.5	40.7	50
69	65	Hrvatski Telekom d.d.	Croatia	Telecommunications	780.0	815.6	-3.14%	93.4	96.3	16
70	85	Telekom Romania Communications SA	Romania	Telecommunications	747.9	672.0	13.38%	30.6	-166.3	42
71	76	Elektrodistribucija Srbije DOO (formerly known as EPS Distribucija DOO)	Serbia	Electricity	742.8	731.7	1.51%	-15.5	-49.1	87
72	59	Autoliv Romania SRL	Romania	Automobiles	738.2	850.0	-11.52%	-10.0	0.9	84
73	46	Renault Commercial Roumanie SRL	Romania	Automobiles	737.6	940.5	-20.10%	1.7	15.8	77
74	49	Saksa OOD	Bulgaria	Petroleum/Natural Gas	720.4	912.2	-21.03%	8.3	11.7	70
75	new	Independent Bulgarian Energy Exchange EAD	Bulgaria	Electricity	700.4	430.5	62.72%	3.0	2.2	76
76	99	Lidl Bulgaria EOOD and KO KD	Bulgaria	Wholesale/Retail	693.0	595.1	16.45%	33.6	21.1	37
77	83	Mercator-S DOO	Serbia	Wholesale/Retail	692.8	680.4	1.81%	-46.7	-18.4	91
78	72	Impol d.o.o.	Slovenia	Metals	680.9	784.2	-13.17%	7.4	13.2	71
79	new	Arkad Engineering and Construction Company - Branch Bulgaria	Bulgaria	Construction	667.6	0.0	n/a	0.9	0.0	78
80	75	Michelin Romania SA	Romania	Rubber/Rubber Products	666.0	734.2	-7.58%	13.3	23.5	65
81	84	Nelt Co DOO	Serbia	Transportation	663.8	676.9	-1.95%	6.7	5.1	72
82	97	Spar Hrvatska d.o.o.	Croatia	Wholesale/Retail	658.4	645.7	3.26%	-5.9	-3.5	83
83	96	Societatea Nationala de Transport Gaze Naturale Transgaz SA	Romania	Petroleum/Natural Gas	653.2	600.2	10.88%	35.9	72.9	33
84	82	AETs Kozloduy EAD	Bulgaria	Electricity	652.1	682.9	-4.51%	141.0	166.1	9
85	new	Serbia Zijin Copper DOO	Serbia	Metals	650.4	489.3	32.92%	71.7	27.9	18
86	66	Ameropa Grains SA	Romania	Agriculture	648.1	810.7	-18.55%	0.9	13.1	79
87	73	Porsche Romania SRL	Romania	Automobiles	646.9	775.0	-14.95%	35.0	36.0	35
88	new	Alro SA	Romania	Metals	640.0	588.9	10.73%	60.6	-32.0	23
89	89	Cargill Agricultura SRL	Romania	Agriculture	638.3	648.8	0.25%	6.4	-0.2	74
90	80	Hella Romania SRL	Romania	Automobiles	630.9	697.7	-7.87%	26.0	33.5	49
91	87	Infrastructure Development and Construction DOO	Serbia	Construction	630.5	668.1	-5.63%	35.6	26.3	34
92	91	Bingo d.o.o. Tuzla	Bosnia and Herzegovina	Wholesale/Retail	620.2	635.9	-2.47%	34.9	47.8	36
93	94	Telekom Slovenije d.d.	Slovenia	Telecommunications	602.7	611.7	-1.47%	24.2	0.6	53
94	new	Plodine d.d.	Croatia	Wholesale/Retail	601.9	587.5	3.75%	26.3	17.9	48
95	new	Enel Energie SA	Romania	Electricity	596.8	566.9	7.27%	28.3	0.2	47
96	90	Pliva Hrvatska d.o.o.	Croatia	Pharmaceuticals	596.1	640.6	-5.77%	110.5	134.0	12
97	88	Express Logistic and Distribution EOOD	Bulgaria	Wholesale/Retail	591.0	663.3	-10.90%	-0.2	3.3	80
98	new	HBIS Group Serbia Iron & Steel DOO	Serbia	Metals	585.2	812.8	-28.01%	-51.6	-189.0	93
99	new	Philip Morris Trading SRL	Romania	Food/Drinks/Tobacco	584.9	592.2	0.62%	48.8	49.5	27
100	new	Enel Energie Muntenia SA	Romania	Electricity	581.8	583.8	1.55%	28.6	-10.8	45

# 2020: SEE TOP 100 sales shrink, retailers take lead

By Nevena Krasteva

*Amid global lockdowns and a steep economic downturn, companies in Southeast Europe (SEE) booked only a modest decline in sales, but profits collapsed. Oil companies and car makers, the traditional leaders in the ranking, bore the brunt of the Covid-induced crisis as shrunken consumption, travel restrictions and disrupted supply chains ate into their bottom lines. At the winning end, retailers posted double-digit revenue growth, riding the wave of e-commerce. Pharmaceutical companies too fared well as sales volumes surged.*

Against the bleak backdrop of the Covid-induced global economic slump, the combined revenue of the SEE TOP 100 companies dropped by 7% to 120 billion euro, compared to record high 129.3 billion euro booked by the participants in the ranking a year ago. While the decline in the revenues of the biggest companies in the region was modest, their combined profit shrank by a quarter to 3.5 billion euro, wiping out three years of gains.

Smaller and bigger companies both suffered, but for the ranking leaders the hit was especially hard. The top three alone reported a fall of 3.3 billion euro in their combined revenue and a drop of 565 million euro in total profit in a single year.

Governments tried to mitigate the blow on the business, pouring out millions of euro in relief packages, but their support was mostly directed to small and medium-sized companies rather than this ranking's heavyweights. Despite the support measures, the economies in the region shrank by around 6%. In countries in which tourism generates a large share of the gross domestic product the economic contraction was most severe, exceeding 15% in Montenegro. Foreign direct investment, a major growth driver for the region, went sharply down too. Disrupted supplies and low demand affected the local companies and their main trading partners abroad alike.

## Dacia retains lead despite strong pressure on bottom line

Automobile Dacia, a unit of France's Renault, leads the ranking for a sev-

enth year running even though its revenue declined by an annual 26% to 3.8 billion euro. On the profit side things look even grimmer, as earnings more than halved to 61 million euro. Due to the Covid crisis, the company had to stop production for more than a month. Furthermore, like other car makers, Dacia faced serious shortages of semiconductors that forced it to even suspend production on several occasions. However, despite the challenges, the company stuck to its plan and rolled out its new Logan models. Investments made by Renault Group in Romania since 2000 amount to some 3.5 billion euro.

Problems with component supplies and depressed demand affected the automotive sector both regionally and globally. New passenger car registrations across the region dropped in the double digits - from 22% in Romania to as much as 43% in Croatia in 2020. Unsurprisingly, the combined revenue of the automotive manufacturers in SEE TOP 100 plunged by 13%.

## Economic slump, travel bans, low prices dent oil companies' revenues

The situation in the oil and gas sector is in no way brighter. The oil and gas companies in SEE TOP 100 saw their combined revenue slump by a quarter, making the sector the biggest loser in the ranking. The number of representatives of the sector in SEE TOP 100 also fell - to 20 from 25 a year earlier.

Notably, four of the top five money losers among the SEE TOP 100 entrants are oil and gas companies, with Bulgaria's Lukoil Neftochim leading

the pack. The Burgas-based refinery's revenues more than halved and its loss increased more than fivefold compared to 2019.

At no. 2 in the ranking, OMV Petrom's turnover fell by 17% to 3.8 billion euro while its profit collapsed 62%. The Romanian company's weak performance was mainly due to the economic decline caused by the COVID-19 crisis and low prices on global markets. OMV Petrom's total hydrocarbon production fell by an annual 4% to 52.98 million barrels of oil equivalent (boe) in 2020 due to lower output in Romania.

The global shift to green energy is impacting strongly the oil and gas companies' development strategies too, forcing them to diversify their activities. OMV Petrom entered the market of liquefied natural gas deliveries in a bid to expand its offer of low-emission transport products, while Slovenia's Petrol is investing in wind energy and electromobility.

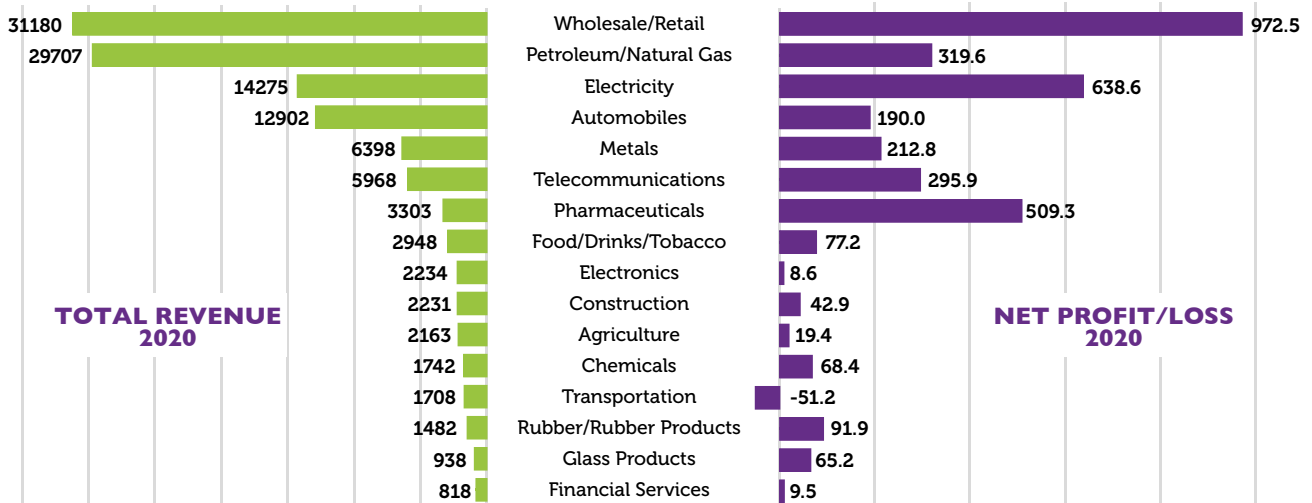
## Retailers rake in profits as shoppers go online

For the first time since SeeNews started publishing its ranking of the biggest companies in Southeast Europe fifteen years ago, wholesalers and retailers have overtaken the oil and gas sector, emerging as leaders in terms of total revenue, profit and number of entrants in the ranking. The sector's strong performance comes on the back of an upsurge in e-commerce as a result of pandemic-related restrictions to people's movement and the operations of physical stores. However, the Covid pandemic only served as a catalyst for a trend



## BREAKDOWN BY INDUSTRY

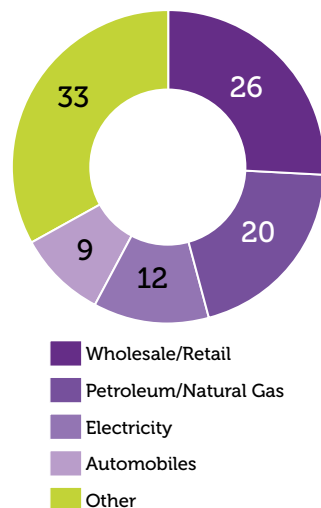
(In millions of euro)



that has already been underway for a few years earlier.

The rapid development of online commerce in the region in recent years follows large-scale investments made by retailers in infrastructure, easier online payment processes and the development of new financing options for shopping such as loans instantly approved online, as well as quick delivery of goods. At the same time, discount chains across the region have been expanding rapidly their physical store networks. The Romanian units of Lidl and Kaufland are the sector's top performers in the ranking, as Kaufland Romania alone invested 300 million euro in 2020.

## NUMBER OF COMPANIES



## Healthy profits for pharma companies

The pharmaceutical companies are among the few businesses for which the health and economic crisis had a positive dimension as their production remained uninterrupted and sales volumes grew. The three drug makers in the ranking posted a 15% return on revenue combined, the highest among the sectors, during the Covid-marred year 2020. Their robust performance came on the back of heavy investment in the expansion of production, packaging and storage capacities. The sector's leader, Slovenia's Krka, benefitted also from a vertically integrated business model reducing risks related to the supply chain.

## METHODOLOGY

SEE TOP 100 ranks the biggest companies in Southeast Europe by total revenue for the fiscal year ended December 31, 2020. Both 2020 figures and 2019 comparative counterparts are sourced from 2020 annual non-consolidated reports.

The SEE TOP 100 ranking covers non-financial companies registered in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, North Macedonia, Moldova, Montenegro, Romania, Serbia and Slovenia. Banks, investment intermediaries, insurers and real estate investment trusts (REITs) are excluded from the ranking as total revenue is not an accurate indicator of their performance. We have compiled separate rankings of the largest 100 banks and insurers. Holding companies, on the other hand, are represented in the ranking by their subsidiaries. All data is sourced from national commercial registers, stock exchanges, government and corporate websites, industry regulators, local business information providers and companies themselves.

The initial pool of companies exceeds 2,900. The ranking does not include companies that declined or failed to provide financial results by the time SEE TOP 100's content was finalised.

To allow comparison, all local currencies in the rankings have been converted into euro, using the respective central bank's official exchange rate on the last working day of 2020 and 2019. Year-on-year changes in the companies' financial indicators have been calculated using the figures in the original currency.

Elsewhere, local currency figures referencing past periods have been converted into euro using the respective central bank exchange rate as of the end of the relevant period while all other local currency figures have been converted using the exchange rate as of the date the relevant editorial content was finalised.

# The pandemic made us more agile

By Nicoleta Banila



**Mihai Bordeanu,**  
Managing Director Dacia Southeast Europe and country head Romania

*Mihai Bordeanu took over as managing director for the Dacia brand in Southeast Europe on January 1 and as country head for Romania on February 1. Bordeanu has 22 years of experience in marketing, trade and business in automotive companies and FMCG. In 2006, he joined the Toyota team in Romania, where he held the roles of marketing director, commercial director and director of the Lexus brand for the Balkans division. In 2010 he took over the position of marketing director at Renault Commercial Roumanie for the Dacia and Renault brands. In 2014 he was appointed marketing director of Groupe Renault for the markets of the United Kingdom, Ireland, Cyprus and Malta, and since 2016, marketing director for the Eurasia region. In September 2019 he was appointed vice president marketing Dacia.*

**How did the Covid-19 crisis, the global disruptions in semiconductor supplies in particular, impact Dacia's operations?**

The timely launch, at the end of 2020, of the new Logan models Sandero and Sandero Stepway was the result of an exemplary mobilisation of our teams in a fragile context due to the health crisis. The pandemic prompted us to fundamentally change our behavior.

It made us more adaptable, more agile, through the efficient application of digitalisation and telework. Our topmost priority continues to be the health of our colleagues.

In Romania, Dacia maintains its leading market position, dominating the sales ranking despite the difficult economic context. However, the components shortage that affected the global car industry did not bypass Dacia. Since the first quarter of this year, when it hit the

industry, we have been coordinating our response at group level within crisis units with the procurement and logistics teams in order to adapt and meet customer demand. The crisis is still not over, it is still affecting us. In July, production at our Romanian vehicle plant was interrupted for three days.

**Following the Dacia Spring launch, what is the next big thing in your pipeline? Do you**

## plan to release new, possibly electric, models?

We just launched a new model in the Dacia range, Jogger, at the Munich Motor Show. It is a seven-seat family car which was reinvented, a station wagon with a SUV look, which will also have a hybrid version in 2023, the first one in the history of the brand. It was part of the renewal of the range to which we will add two more new models by 2025.

With Spring we are making a new revolution in automotive history, like what the iconic Logan model meant for Dacia 17 years ago. Few had anticipated the success, but orders exploded, and it was a very good start for Spring. This fall we will start deliveries to individuals. Spring is especially good for the environment as it has zero emissions.

## What are your short and medium-term investment plans in Romania? Do you plan to start production of other models at the plant in Mioveni?

Investments are always associated with new products. The last two years have brought diversity to the brand with the new Logan, Sandero and Stepway models, and more recently, the new Duster and Jogger models. We want to keep up this pace, while staying competitive. It is essential that we continue in this line of competitiveness when talking about new products and projects.

The last few years in our industry were strongly marked by changes and transformations, and the year 2020 was a great challenge. However, we managed to meet our customers' expectations and launch new models on time.

# 3.5 bln euro

Investments made by Renault Group in Romania since 2000



Investments made by Renault Group in Romania since 2000 amount to approximately 3.5 billion euro. We are talking about investments in our new products and in the capacity of production lines for vehicles, engines, gearboxes, etc., as well as the optimisation of the production process - social conditions, automation, quality, emissions cuts and the integration of new technologies.

## What are your expectations in terms of domestic production, net profit and turnover for 2021 and what do you base your expectations on?

Estimates of sales and other financial indicators depend on many variable elements. What I can say is that we want to keep a dynamic course of activities and focus on long-term competitiveness, even if it is a complicated period we are all going through, due to the health crisis and the semiconductors situation.

## What are your forecasts regarding the overall development of the car market in Southeastern Europe in the next few years and how do you see Dacia's performance in the region in terms of sales?

I think there is still need for caution in terms of the prospects. At European level, we have markets in recovery. In July, Sandero was the best-selling model in EU markets. There are fluctuations from one month to the other. With the health crisis, which has not ended,

consumer behavior has changed.

At the same time, the acceleration of the transition to the green economy and the objectives of reducing the carbon footprint lead to new business models, even more adapted to customers. Car-sharing services have gained popularity, they have become more accessible, but we Romanians, like a large part of European citizens, still want to drive our own car.

The car industry generates 14% of Romania's GDP and 27% of the country's exports, making it an essential pillar of the Romanian economy. It is necessary to take care of this industry. Infrastructure is essential - road, sea and river transport, energy, charging stations for electric vehicles, not just for the two car manufacturers present in the country and the entire network of car suppliers that generate over 230,000 jobs, but also for Romanians. We have good signals and we appreciate the steps initiated by the authorities. At the level of the entire national industry, we are in a constructive dialogue for our priorities: infrastructure, environment protection, local integration, i.e. attracting new investors, close to our business, and dual, vocational and technical education.

Accelerating transition to green economy ushers in new business models



## EU expects member states to ensure control of proper use of RRF

By Nevena Krasteva

Dubravka Suica,  
European Commission  
Vice-President for  
Democracy and Demography

**The EU's Recovery Plan is an unprecedented exercise in solidarity in Europe but it has also raised questions whether the money will be put to the best of use. Do you see reasons for concern that the countries in SEE might miss this opportunity to avail themselves fully of the funds, or that the money could be misused?**

The Recovery and Resilience Facility requires a control framework that is tailored and proportionate to its unique nature. Member States' national control systems will serve as the main instrument for safeguarding the financial interests of the Union.

Member states will have to ensure compliance with Union and national laws, including the effective prevention, detection and correction of conflict of interests, corruption and fraud, and avoidance of double funding. They are required to explain the relevant arrangements in their recovery and resilience plans, and the Commission will assess whether they provide sufficient assurance. For instance, member states need to collect data on final

recipients of funds and make this available upon request.

For each payment request, member states will provide a 'management declaration' that the funds were used for their intended purpose, that information provided is correct, and that the control systems are in place and funds were used in accordance with applicable rules. In addition, the Commission will implement its own risk-based control strategy.

OLAF, the Court of Auditors, the European Public Prosecutors Office and the Commission itself may access relevant data and investigate the use of funds if necessary.

**The Commission has on a number of occasions voiced its concerns about the rule of law in EU member-states in Southeast Europe. Do you see progress in this area?**

Last year, the European Commission introduced its new Rule of Law Mechanism. It consists of the annual Rule of Law Report and the horizontal and member state-specific discussions in the European Council.

The Mechanism is a yearly cycle to promote the rule of law and prevent problems from emerging or deepening further. Our goal is to focus on improving understanding and awareness of issues and significant developments, as well as to identify rule of law challenges and help member states find solutions with support from the Commission and the other member states. It also allows member states to exchange best practices, discuss among themselves and learn from each other. The objective of the Mechanism is preventive. It is important to understand that it is decoupled from the other elements in the EU's Rule of Law Toolbox.

It complements, but does not replace, the Treaty-based mechanisms for the EU to respond to more serious rule of law related issues in member states. There is also a close link to EU policies aimed at economic recovery: strong justice systems, a robust anti-corruption framework, and a clear and consistent system of law-making, the protection of the EU's financial interests, and sustainable growth. This is a key driver for the work of EU instruments, which promote structural reforms in member states.



The annual Rule of Law Report is the result of close dialogue with national authorities and stakeholders, and covers all member states on an objective and impartial basis, looking at the same issues.

The qualitative assessment carried out by the Commission focuses on significant developments since the adoption of the first annual Rule of Law Report and ensures a coherent approach by applying the same methodology to all member states, while remaining proportionate to developments.

Coherence and proportionality are of crucial importance, as we also need to be careful to recognise member states' efforts and progress made.

This year's report, adopted in September, looks at the new developments since last year, and deepens the assessment of issues identified in the previous report and taking into account the impact of the COVID-19 pandemic.

Overall, the report shows many positive developments in member states, including where challenges identified in the 2020 report are being addressed. However, concerns remain and in certain member states these have increased, for instance when it comes to the independence of the judiciary and the media.

The 2021 Rule of Law Report starts a new cycle of dialogue and monitoring. The Commission invites member states to take up the challenges identified in the report.

We stand ready to continue encouraging and assisting Member States in these efforts and to work collectively towards strengthening the rule of law culture across the European Union.

**The acute demographic crisis in SEE has an impact on all spheres of economic and social activity, ultimately even threatening to erode democracy. What should the governments in SEE prioritise in their approach to tackling this problem?**

For many, people demographic change may feel like something that is far away in time. However, this is not the reality. Population ageing, brain drain, depopulation is happening right now and we can see it.

This change is happening everywhere in Europe, and we can see that some of this is affecting Southeast Europe particularly, for example when it comes to brain drain. However, we must also be careful and not generalise as there are differences across the countries. But it is clear that the demographic situation in the region follows the overall trends, with an ageing population, decline of birth rate and labour emigration. These are phenomena that are likely to be exacerbated by the economic consequences of the Covid-19 pandemic.

Brain drain is certainly one of the biggest challenges for the region. It is both a symptom and expression and means young and skilled people leave their region behind to search for better opportunities elsewhere because they do not find the necessary conditions to thrive at home. For the citizens of member states of the EU, this is of course enshrined in the principle of free movement, which is a fundamental right and one that we promote and support. It is a consequence of an overall more educated population in the region, in particular the youth, which has more opportunities and options to choose a place to work and live than previous generations.

So we need to look at the empowerment of the youth. When we enable young people to find decent jobs, participate in political processes and have real influence in our societies, they will create a better future.

Any programme or strategy must keep young people at the centre. It is important to strengthen the mainstreaming of youth empowerment into a number of policy areas, including education, employment, career counselling, health, culture and sports.

Investing in the quality education and skill development of young people and creating the necessary conditions for their employment in both the public and private sectors, is crucial in ad-

ressing youth unemployment and the resulting brain drain and emigration. Creating opportunities for young people to prosper in the region is essential. This requires structural reforms, good business climate, sound public governance and respect of the rule of law, a modern education system and strong regional cooperation and integration.

From the EU side, we are supporting such efforts for example with initiatives like the Regional Youth Cooperation Office, the Western Balkan Youth Lab, or a regional Youth Guarantee scheme.

As ageing affects all of us, we also must not lose out of sight the needs of an ageing society and older people. This means we need to ensure that the needs and preferences of older persons are met and at EU level we are looking in particular into the increasing demand for long-term care.

Ultimately, demographic change requires anticipation and a response at many levels – at political, societal and individual level. This is about responsibility and solidarity between generations.

And while this sounds like a big task, I strongly believe that every challenge comes with an opportunity to innovate, to grow and to prepare for the future. This is what we should keep as a guiding principle in our work.

**In certain member states concerns related to judicial independence, media have increased**





Zdravko Maric,  
Croatian finance minister

## Croatia on track for 2023 eurozone entry, public debt seen below 3% by end-2021

By Nevena Krasteva

**Prime minister Andrej Plenkovic has said that Croatia will be ready to join the eurozone in January 2023. What risks do you see in this process and how do you plan to offset them?**

The adoption of the euro is one of our key strategic orientations towards further integration into the European institutions.

Croatia is a highly euroised economy. We made a lot of quantitative analyses, calculating what are the pros and cons of us joining the euro area and the benefits, such as the elimination of ethics risk, reduction of private transaction risk and related risk, which are long-lasting, are much bigger than the potential threats. However, we also need to be very much focused on potential threats. We asked our citizens what are the key challenges that they see for us in introducing the euro, and the no.1 they mentioned was the possibility of inflation pressures because of retailers rounding up the prices. We also did an analysis of the situation in the newest members of the Euroland – the Baltic and Central and Eastern European countries - and on the average the inflation effect was just 0.2% for one year only as it is a one-off effect.

A lot of work remains to be done on the technical and on the operational level, and a lot of individual steps have to be taken. Very recently, for example, we had a public debate and made a decision how our coins will look. We want to use this time on two fronts and fulfil all the criteria that we should.

On the one hand, these are the post-ERM-2 commitments in anti-money laundering, better public administration and better management of public assets, improved judiciary system, in particular pre-bankruptcy and bankruptcy procedures. On the other hand, these are the Maastricht criteria. Our interest rates and prices, as well as ethics, have been for years in line with the Maastricht criteria. In terms of fiscal criteria, prior to Covid, Croatia was lowering its public debt three times faster than required. We have been running a budgetary surplus three years in a row. So, we could tick each of these boxes.

However, Covid had implications on our fiscal stance. Our deficit went above 3%. This year it is projected to be 3.8% but next year it will be back within the Maastricht limit. Even this year, we are planning to decrease our public debt to fulfil the Maastricht criteria.

At the same time, in this process until 2023, we want to inform, to educate, to pass all these messages to every single citizen in Croatia because the euro adoption is literally affecting every single citizen. We want to run the whole process very, very transparently. We appreciate also the contribution of the European institutions. We also see strong support from individual member states. As was the case with our entry into the European Union, the better prepared we are, the larger the benefits and smaller the threats.

Currently, what we are seeing is better than expected execution of our

revenues due to better than expected GDP. Originally, we planned GDP growth for the year as a whole in the area of around 5%. Latest data for the second quarter and some other macroeconomic indicators are suggesting that it could be even in the area of 7%, which I would say is quite good.

*The benefits of euro adoption are long-lasting and much bigger than the potential threats*

**Do you have plans to tap the international markets with a bond to finance public debt?**

In general, what we do is that we finance and refinance international maturities on the international markets. By the end of this year we are not planning any international issuances, nothing apart from the regular Treasury bill auctions on the domestic market. However next year, when we have a few maturities in the euro bond market, we will do it there. The domestic market is also very strong, very liquid, with big interest for our bonds, not only on the part of the banking industry but the pension funds, insurance companies and investment funds, as well.

**In the beginning of this year the government cut income**

### **tax and profit tax. Is the finance ministry considering any further tax changes?**

The focus of our tax reform was predominantly on direct taxes – on corporate and personal income tax. Of course, citizens are very much focused on how we are planning to move forward with the indirect taxes, particularly with excise duties and VAT. We lowered VAT in some areas such as fresh meat, fresh fish, vegetables and electricity. However, everything is subject to the fiscal space that we create.

So far, there have been positive effects of the lowering of taxes. In the first year of application of the corporate tax reduction we had more revenues than the year before. With the personal income tax, our idea was to directly stimulate an increase in incomes a component of the overall demographic recovery.

It would be great if we could resolve all our issues with tax changes but taxes are also a support for certain contributions to the overall plan. Our plan is by the end of our mandate to continue to lower taxes and I really hope that we will be able to find adequate maneuver space to further reduce some of the social contributions. But we are talking about the health sector and the pension system and these two sectors are already suggesting that maneuver space is very limited.

However, the focus of our attention lies on the expenditure side. That's where we can find a solution to the long-term sustainability of public finances.

For next year, our fiscal guidelines are suggesting a budget deficit within the 3% ceiling, 2.5% is the target, then falling below 2% in the following years.

We see public debt management as a three pillar strategy – one pillar is GDP growth, the other one is fiscal consolidation, and the third one is activation of state assets including privatisations.

Regarding the activation of state assets and privatisations, this is a process that we want to reemphasize. We will start with different firms where the state holds minority stakes, cleaning the

balance sheets. Hopefully and subject to further developments, some of the potentially bigger state-owned enterprises (SOEs) will also be put up for sale. This all will have an effect on our public debt which we see already going down this year by roughly 2 – 2.2 pp of GDP and in the next three year on the average annual basis by 3 pp, which is at least two times faster than the Maas-tricht criteria.

### **You have said that Croatia currently does not have the firepower to carry out privatisations. When do you think this process could resume?**

We didn't have the firepower to sell anything neither in 2016, nor in 2021. However, we believe that the introduction of any form of private capital could contribute to the so called hidden reserves of the state-owned enterprises and the elements of corporate management. When you improve that, the value of the company and its contribution to the overall economic situation is increasing. At the end of the day, some decisions in the privatisation area are also political ones. These are to be thoroughly analysed, examined and eventually a decision is to be taken. There are a few segments of our economy which will be treated as strategically important, like waters, forests and the likes, and there the state-owned enterprises will remain in government hands. All the others are subject to different developments that we will be putting in place.

### **Does Croatia's national plan under the EU's Recovery and Resilience Facility (RRF) mention privatisations?**

In a way, yes, not only the national plan under the EU's RRF, but also the post-ERM-2 and other strategic documents talk in general of this process but without at this stage naming specific areas or companies. They have one generic point which says better management of the public entities and this would be positioned under it.

### **What are the key areas in Croatia's national plan that will receive support under the RRF?**

In a nutshell, the RRF and this grant

scheme of 6.3 billion euro to Croatia is meant to stimulate reforms supported by the public and private investments in various areas. More than half of the total envelope is business related, both on the private and public side, and there is an infrastructure part, as well. The plan is about how to pass these funds on towards better economic performance, how to stimulate the economy and improve the business climate and the overall environment for the business community to invest and to employ.

A very important chapter is education. Education and R&D is something that we see as a long-term process, as a better linking between the education system and the labour market. We lack labour force in certain sectors of our economy and these potential mismatches can become even bigger if we don't change. That is why we recognise this area as very, very important. The education system will be further improved and this is a very clear message to our younger population, it is an investment in their future.

We are also planning to cover through this scheme certain areas like the public administration, health sector, the social security segment, SOE, the usual suspects where we are constantly trying to find ways for further improvement and reform.

Finally, there is the recovery from the earthquake, both in Zagreb and in Banovina region. In the city of Zagreb, we are talking predominantly about physical infrastructure recovery. In Banovina, as it is economically among the least developed areas of Croatia, we are talking about an overall recovery, including its economic, social and demographic aspects.

The programme is horizontal but you can definitely see support for specific sectors of our economy, particularly the ones that are quite prospective. I would like to mention one, the IT sector. In the whole EU Next Generation plan, 'digital' and 'green' are the buzz words. The IT sector is definitely very much recognised not only because of its activity per se but because of its very strong relationship with the other activities across our economy.



## We plan to sustain expansion pace

Valer Hancas,  
Communication and  
Corporate affairs director,  
Kaufland Romania

### How did the coronavirus pandemic impact Kaufland's operations in Romania?

The pandemic has shown us all that we have a fantastic adapting capacity and we can successfully adjust to any and that we can meet the needs of customers no matter the context.

In 2020, we booked 12.92 billion lei turnover. Through its activity, Kaufland had a total gross value added contribution of 1.9 billion euro to the economy, the equivalent of about 0.9% of the total gross domestic product of the country.

## 300 mln euro

### Kaufland Romania's investments in 2020

The pandemic did not stop our investments or key projects, just the reverse. We made total investments of over 300 million euro, we continued to support and develop partnerships with local producers and in 2020 alone we have worked with over 2,400 suppliers in Romania. More than 8 million euro were allocated last year to community projects, which benefited 2.8 million Romanians. Kaufland was the first retailer on the market to certify its premises with the DEKRA international standard, which certifies

that they comply with all measures to prevent the spread of Covid-19. Since the onset of the pandemic, we have invested over 20 million lei in the implementation of protection and prevention measures at our premises - shops, warehouses, offices - with the greatest responsibility.

### What are the main investments you are planning in Romania in the medium term?

Sustainability is in Kaufland's DNA, differentiating us and providing us with the most efficient path to a circular economy. We recycle, preserve, reuse, advocate for responsible, anti-waste consumption, we invest in causes of impact for society, in environment, culture, education and healthy lifestyle. We take care of resources and implement the most efficient renewable energy sources. We announced in June an investment of 1.5 million euro to equip three stores and one of the two logistics centers with over 3,700 photovoltaic panels, which will generate green energy and help reduce the impact on the environment, scrapping over 10,000 tonnes of CO<sub>2</sub> annually. We aim to develop at least nine photovoltaic panel annually until 2025.

Another major step we have taken this year was to become the first retailer with a nationwide recycling machines infrastructure. From January until now, over 1 million customers used the infrastructure provided by Kaufland Romania, recycling over 5.7 million packages. In order to support a responsible behaviour towards

the environment, we created the first national network of separate packaging collection machines, which is now available in all cities where we are present. Customers who use them are rewarded on the spot with shopping discounts.

### What is your network expansion strategy for the rest of the year?

Our plan for 2021 entails a sustained pace of expansion and to this end, we manage the largest investment budget in the last 16 years, of more than 375 million euro. We aim to open, by the end of the year, at least ten stores. The dynamics of the market showed us that there is enough room for growth in small and medium-sized urban areas and we are moving towards localities with about 20,000 inhabitants. Ten new stores means that we will create about 1,000 new jobs in 2021. With each new store opened, we create between 70 and 100 new jobs, which support the development of the local economy.

### What are your strategic goals in the e-commerce segment?

The digital transformation we have all been exposed to in recent years is obvious. Although the know-how exists, the pandemic context has shown us that we also have the capacity and resources to quickly integrate processes. We are currently collaborating with the main local marketplaces and we will continue to streamline the online purchasing process.

# Romania's Hidroelectrica leads most profitable chart for second year in row

By Nicoleta Banila

Romanian state-owned hydropower producer Hidroelectrica claimed the top spot in the ranking of the most profitable companies among the SEE TOP 100 entrants for 2020 for a second year in a row. Hidroelectrica's return on revenue rose to 36.9% from 32.27% a year earlier. In 2020, the company sold 14.58 Twh of its own electricity production, 1.3% less than in 2019, while total electricity sales edged up 0.7%, to 15.96 Twh. In 2020, a two-year ban on the sale of state-held stakes in companies enforced by the government delayed the planned initial public offering (IPO) of Hidroelectrica. The 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 hydropower plants with a total installed capacity of 6,482 MW.

The second place in the ranking was taken by another Romanian company - natural gas producer Romgaz - which increased its return on revenue to 30.43% in 2020 from 19.75% in the prior year. In 2020, Romgaz produced 4.519 billion cu m of natural gas, down 14% on the year, whereas electricity production almost doubled on the year, reaching 937 GWh.

Bulgarian nuclear power plant operator AETs Kozloduy fell to third place in 2020 from second place in 2019. The company's return on revenue decreased to 21.62% in 2020 from 24.32% in the prior year. In 2020, the plant has achieved a record-high annual output of 16,625,765 MWh.

Unlike in 2019, when the biggest money-makers ranking was dominated by Romanian companies, 2020 ranking features three Romanian companies, three Croatian ones, two from Slovenia, one from Bulgaria, and one from Serbia.

Bulgarian crude oil refinery Lukoil

Neftochim Burgas led the money-losing chart, as its poor performance was in line with its regional peers. The second most prominent money loser was Slovenia's top power producer Holding Slovenske Elektrarne (HSE), which turned to a 226.9 million euro loss in 2020 due to impairments of assets. Without impairment of assets, HSE would have achieved a net profit of 60.7 million euro. In 2020, HSE invested 43 million euro to ensure the

reliability and safety of its production units. Rompetrol Rafinare is the third money loser in SEE for a second year in a row after its net loss widened to 132.6 million euro. The company attributed its negative financial result to an unprecedented volatility in the oil market and the influence of the COVID-19 pandemic on demand for petroleum products.

## METHODOLOGY

Most profitable companies is a ranking of the top 10 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 2020 and 2019, respectively.

Money losers is a ranking of 10 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 2020 and 2019, respectively.

## MOST PROFITABLE COMPANIES

in millions of euro

No	SEE TOP 100 No	Company name	Country	Industry	Return on revenue 2020	Return on revenue 2019
1	64	Hidroelectrica SA	Romania	Electricity	36.90%	32.27%
2	56	Romgaz SA	Romania	Petroleum/Natural Gas	30.43%	19.75%
3	84	AETs Kozloduy EAD	Bulgaria	Electricity	21.62%	24.32%
4	96	Pliva Hrvatska d.o.o.	Croatia	Pharmaceuticals	18.53%	20.92%
5	24	Krka d.d.	Slovenia	Pharmaceuticals	17.42%	17.46%
6	33	Hrvatska Elektroprivreda d.d.	Croatia	Electricity	14.85%	10.53%
7	11	Dedeman SRL	Romania	Wholesale/Retail	13.69%	15.30%
8	69	Hrvatski Telekom d.d.	Croatia	Telecommunications	11.97%	11.81%
9	35	Lek d.d.	Slovenia	Pharmaceuticals	11.47%	9.61%
10	85	Serbia Zijin Copper DOO	Serbia	Metals	11.02%	5.70%

## MONEY LOSERS

in millions of euro

No	SEE TOP 100 No	Company name	Country	Industry	Net loss 2020	Net profit/loss 2019
1	20	Lukoil Neftochim Burgas AD	Bulgaria	Petroleum/Natural Gas	-260.4	-41.1
2	17	Holding Slovenske Elektrarne d.o.o.	Slovenia	Electricity	-226.9	60.1
3	18	Rompetrol Rafinare SA	Romania	Petroleum/Natural Gas	-132.6	-73.8
4	15	INA d.d.	Croatia	Petroleum/Natural Gas	-123.8	88.1
5	67	Petrotel - Lukoil SA	Romania	Petroleum/Natural Gas	-90.7	-14.2
6	44	CFR SA	Romania	Transportation	-57.8	-5.3
7	31	Poslovni Sistem Mercator d.d.	Slovenia	Wholesale/Retail	-55.4	-13.8
8	98	HBIS Group Serbia Iron & Steel DOO	Serbia	Metals	-51.6	-189.0
9	22	Naftna Industrija Srbije AD	Serbia	Petroleum/Natural Gas	-50.4	151.0
10	77	Mercator-S DOO	Serbia	Wholesale/Retail	-46.7	-18.4



# Green and digital transition, inclusive growth, common market at core of EIB's 30 mln euro plan for W. Balkans

By Radomir Ralev



Matteo Rivellini,  
Head of Division in  
charge of lending  
operations in Slovenia,  
Croatia and the  
Western Balkans,  
EIB

**At the Western Balkans Berlin Summit in July, EIB President Werner Hoyer reaffirmed the bank's readiness to step up support for the region's transition to greener, more digital, and more inclusive economic growth. Within this framework, what areas and sectors will the bank prioritise?**

The COVID-19 pandemic and climate change have created global disruptions that need to be tackled simultaneously. A COVID-19 recovery without parallel success from climate action in limiting global temperature rises to below 2°C will be pointless

in the long run. A green recovery that is mindful of our need to prevent an environmental catastrophe is the only meaningful way forward. This will require the transformation of our lives and business practices, as the global economy will need to shift to a circular and sustainable model. This will be the most effective way to mitigate the impact of these two calamities and increase the economy's resilience.

Digitalisation will be an important part of that process, and will ensure that companies are more competitive and improve their ability to create and retain jobs, but it will also ensure more efficient public administration and business operations, as well

as further innovations and research. The recently published EIB Investment Survey shows that during the pandemic, online activity and remote work were observed less among companies in the Western Balkans than in other regions, suggesting a digitalisation gap and need to prioritise these investments. We need to address this issue head on if we want to see sustainable, long-term economic development in the Western Balkans.

The EIB Group already started investing in the improvement of the digital capacities of companies and schools in Serbia in 2020, allocating 125 million euro to this goal. A project for financing the upgrade of existing digital



infrastructure and rollout of the 5G network in Serbia also falls within the scope of our activities and we expect to sign this investment soon. We will continue within the same vein, financing digital projects across the region that will ensure competitiveness on the global market in the post-COVID era and the creation of new jobs.

As the EU climate bank, the EIB intends to steer climate and sustainable initiatives aiming to help mitigate negative climate impact. Last year, we aligned all financing activities with the goals of the Paris Agreement, and committed to investing 1 trillion euro in climate action and environmentally sustainable projects in the decade to 2030 and ending financing for fossil fuel energy. In line with our Climate Bank Roadmap, the EIB will also step up its support for the development and preparation of energy projects that will enable the green transition. They will help create a more reliable, diverse and renewable energy network in the Western Balkans, which will mitigate severe environmental issues that heavily affect the quality of life of people throughout the region.

Along with the public sector, we will help small and medium companies adopt more climate-friendly and energy-efficient practices through specially designed credit lines available at commercial banks. In this way, we want to stimulate the private sector to start investing in climate action and raise awareness on this important topic that is reshaping the world as we speak. Companies that understand this will be able to secure a better market position in the long run. The EIB Enterprise Survey shows that green management among companies in the Western Balkans lags behind that in upper-middle-income countries. A majority of firms still do not see energy efficiency measures as a priority and they are therefore not widespread. However, the share of companies experiencing losses due to weather events is increasing, ranging from 10% to close to 20% in Bosnia and Herzegovina.

**In 2020, the EIB increased its investments in the Western Balkans by 50% to 873 million**

**euro. What is the estimated amount of EIB investments in the region in 2021 and planned amount for 2022?**

As a long-standing partner to the region and a part of Team Europe, the EIB scaled up its support in 2020 to help the countries mitigate losses and recover faster, which resulted in an allocation of 873 million euro for crucial infrastructure and private sector projects.

We proceeded at the same tempo in 2021 and over the first six months of the year, the EIB already signed projects totalling almost 600 million euro dedicated to the development of vital infrastructure and private sector recovery. Our investment plans for 2022 will be closely aligned with the European Commission's Economic and Investment Plan and we are looking forward to seeing the rollout of projects that are currently at the appraisal and preparation phase. The lending volume will largely depend on the dynamics of agreements with our local partners, national investment strategies and project readiness.

**The EIB has said it plans to accelerate the implementation of projects to back the rollout of the European Commission's 9 billion euro Economic and Investment Plan for the Western Balkans. Which sectors will absorb most of the financing and what are the first big projects that will benefit from the EIB's support?**

The plan entails close to 30 billion euro for key strategic projects that will accelerate the economic transformation and development of the Western Balkans. The aim is to encourage investments in sustainable mobility, the green and digital transition, inclusive growth and the creation of a common market. These initiatives should help improve vital infrastructure, digitalisation and alignment of the regional market with EU standards and boost private sector development.

A special focus will be directed towards the private sector and the EIB will continue supporting small and me-

dium enterprises as the major generator of jobs in the region. Since 2009, we have invested over 4 billion euro into the private sector in the Western Balkans, which helped sustain more than half a million jobs.

Regarding the projects I can announce now, the EIB is considering financing for the upgrade and modernisation of the Belgrade-Nis railway line with the EU Delegation in Serbia. This massive project is expected to be jointly funded by the European Union and by other international financial institutions. There are other projects in the appraisal and preparation phase in the areas of renewable energy, transportation, healthcare and digitalisation and their implementation is expected soon.

**The economic gap between the European Union and the Western Balkans remains excessively wide. How will the EIB try to speed up the convergence process?**

The prospect of EU membership and the reforms that this process entails are an anchor for the longer-term development of the Western Balkans. Apart from substantial financial sup-

Global disruptions created by COVID-19 pandemic and climate change need to be tackled simultaneously

We need to address the digitisation gap head on if we want to see sustainable economic development in the Western Balkans

port, the EIB has put its expertise and technical and advisory assistance at the disposal of local partners. Teams of our experts are already developing a number of projects across different sectors important for better regional cohesion and living standards of people across the region. We are working together closely with our local partners, institutions forming the Team Europe initiative and our colleagues from financial organisations to help the region move forward with EU accession, recover and transform to find its rightful place in the global market. In the same context, the EIB is actively involved in many EU-lead initiatives that are helping the region adopt EU policies and move forward in the key sectors, such as the Berlin Process, Green and Digital Agenda, the Economic and Investment Plan, EU Sustainable and Smart Mobility Strategy, etc. The EIB is also participating in the initiative for coal transition in the Western Balkans and Ukraine, launched by the European Commission in 2020 and aiming to help targeted countries and regions move away from coal towards a carbon-neutral economy.

Environmental issues also affect transport, which is still among the sectors with the highest CO<sub>2</sub> emissions, and, at the same time, among those hardest hit by the COVID-19 pandemic. It will therefore require substantial investments to modernise and enable a modal shift to more sustainable mobility options such as rail, waterways and urban transport. The EIB is already supporting these kinds of projects across the Western Balkans, including the improvement of waterway navigation across the River Sava and Danube, urban transport modernisation in the Canton of Sarajevo and several railway projects on strategic routes that are in the preparation and implementation phase.

### **How did the EIB support the economies of the Western Balkans during the coronavirus crisis?**

Demonstrating unwavering support for the region during this large-scale crisis, the EIB has delivered on its 1.7 billion euro commitment under the Team Europe response to COVID-19,

adopted in May 2020. This EU support also involves the ongoing deployment of two additional programmes, which will provide up to 900 million euro of new funding in the region.

The EIB Investment Survey shows that small and medium companies were hit particularly hard in 2020 and continued support remains crucial for them. On average, 38% of firms in the Western Balkans were temporarily closed during the pandemic, ranging from 19% in Serbia to 66% in Albania. About 60% of firms experienced decreased liquidity or cash flow availability in the region, leading ultimately to strong reductions in sales and workforce. Nevertheless, massive policy support and financial packages from international financial institutions helped prevent an even greater contraction of economic activity.

Since the onset of the pandemic, we have invested 715 million euro to improve access to financing for companies in the region facing difficulties with liquidity, retention of jobs and business continuity. As the funds were part of Team Europe support for the socioeconomic recovery of the Western Balkans, they are available under more flexible and favourable conditions, with increased maturities and lower interest rates. In this way, we aim to boost development of the private sector, save jobs and help firms recover and expand.

### **What opportunities does the crisis open up for countries in the Western Balkans?**

The EIB Enterprise Survey confirms the higher integration of the Western Balkans into global value chains when compared to peer regions, driven particularly by companies from Serbia and North Macedonia. Innovation seems to be higher compared to other upper-middle-income countries, but our results show that companies in the region adopt innovation, rather than lead in the R&D process.

According to the same survey, over half companies in the European Union expect to increase their use of digital technologies in the future because of the pandemic. The Western Balkans region needs to become an integral

part of the digitalisation process and green recovery. They will open up the path to stronger economic progress, innovations and a position on the global market.

In parallel, building modern connections in the areas of transport, energy, wastewater and digital infrastructure is essential for creating better conditions for investors and new job opportunities. Implementation of key reforms on the path towards EU accession will solidify the process to enable the creation of the common market. As such, it will easily integrate into EU value chains and benefit from the relocation of production (nearshoring) that is expected to take place over the course of this decade. That is a pathway to prosperity for the people across the region.

Companies in W. Balkans adopt innovation, rather than lead RnD process

In the first half of 2021 the EIB signed projects totalling 600 mln euro for development of vital infrastructure and private sector recovery

Transport, energy, digital infrastructure links key for region's integration into EU value chains



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*in millions of euro*

2020	2019	Bank Name	Country	Total Assets 2020	YY change in assets	Net profit/loss 2020	Net profit/loss 2019
1	1	Banca Transilvania SA	Romania	21225	18.20%	245.9	339.1
2	2	Zagrebacka Banka d.d.	Croatia	16523	5.86%	97.5	209.9
3	3	Banca Comerciala Romana SA	Romania	16334	11.33%	160.2	136.4
4	4	Privredna Banka Zagreb d.d.	Croatia	12727	9.70%	108.4	252.6
5	5	BRD – Groupe Societe Generale SA	Romania	12658	10.35%	195.4	319.8
6	6	UniCredit Bulbank AD	Bulgaria	12326	11.41%	114.5	217.4
7	12	DSK Bank EAD	Bulgaria	11664	43.45%	98.7	127.2
8	7	Nova Ljubljanska Banka d.d.	Slovenia	11027	12.50%	114.0	176.1
9	8	ING Bank N.V. Amsterdam Branch Bucharest*	Romania	10984	19.87%	106.8	171.5
10	10	Raiffeisen Bank SA	Romania	10532	19.60%	132.3	163.1
11	11	Erste&Steiermarkische Bank d.d.	Croatia	9714	14.51%	51.7	101.2
12	9	UniCredit Bank SA	Romania	9333	2.03%	82.9	119.9
13	19	Nova KBM d.d.	Slovenia	9167	79.96%	208.9	67.4
14	13	CEC Bank SA	Romania	8471	25.56%	69.4	79.4
15	14	United Bulgarian Bank AD	Bulgaria	6543	5.13%	55.6	79.2
16	16	Eurobank Bulgaria AD	Bulgaria	6189	8.23%	78.1	109.3
17	17	Banca Intesa AD	Serbia	6118	9.89%	80.9	105.2
18	15	OTP Banka d.d.	Croatia	5987	2.64%	33.3	77.8
19	18	First Investment Bank AD	Bulgaria	5539	6.20%	19.9	66.1
20	20	Raiffeisenbank Austria d.d.	Croatia	4931	9.06%	17.5	58.9
21	21	Raiffeisenbank (Bulgaria) EAD	Bulgaria	4921	9.16%	29.1	66.3
22	23	Unicredit Bank Srbija AD	Serbia	4150	10.17%	45.5	70.6
23	25	Komercijalna Banka AD	Serbia	3919	6.26%	25.0	76.4
24	24	Alpha Bank Romania SA	Romania	3678	0.51%	15.6	17.5
25	26	SKB Banka d.d.	Slovenia	3645	8.33%	35.4	52.1
26	28	Banka Kombetare Tregtare Sh.a. (National Commercial Bank)	Albania	3403	5.46%	50.4	44.3
27	31	Central Cooperative Bank AD	Bulgaria	3396	8.78%	10.4	17.5
28	30	Hrvatska Postanska Banka d.d.	Croatia	3379	7.11%	24.2	19.3
29	35	Raiffeisen Banka AD	Serbia	3222	18.44%	47.2	52.1
30	32	OTP Banka Srbija AD (formerly known as Societe Generale Banka Srbija AD) - non-existent	Serbia	3206	12.01%	20.1	38.6
31	27	UniCredit Bank d.d. Mostar	Bosnia and Herzegovina	3119	-7.17%	38.0	51.7
32	34	UniCredit Banka Slovenija d.d.	Slovenia	3094	12.44%	13.9	26.9
33	33	OTP Bank Romania SA	Romania	3046	12.02%	0.5	14.8
34	36	Banka Intesa Sanpaolo d.d.	Slovenia	2945	9.55%	12.8	23.8
35	39	SID – Slovenska Izvozna in Razvojna Banka d.d.	Slovenia	2907	20.83%	8.5	32.0
36	37	Raiffeisen Bank d.d. Sarajevo	Bosnia and Herzegovina	2500	3.39%	22.8	29.1
37	45	Banka Postanska Stedionica AD	Serbia	2480	27.60%	22.1	22.6
38	43	Erste Bank AD	Serbia	2448	24.00%	11.4	22.9
39	53	Banca de Export-Import a Romaniei – Eximbank SA	Romania	2422	52.27%	3.3	5.9
40	38	Addiko Bank d.d.	Croatia	2343	-1.72%	11.6	21.1
41	41	Citibank Europe Plc Dublin - Romania Branch*	Romania	2271	8.43%	49.1	57.6
42	40	Garanti Bank SA	Romania	2194	-1.63%	15.5	23.2
43	42	Komercijalna Banka AD	North Macedonia	2149	7.78%	31.0	29.4
44	44	Gorenjska Banka d.d.	Slovenia	2138	8.65%	22.2	43.2
45	52	Bulgarian Development Bank AD	Bulgaria	2049	26.26%	-53.5	19.3
46	49	OTP Banka Srbija AD (formerly known as Vojvodjanska Banka AD)	Serbia	2040	11.22%	-10.1	51.0
47	46	AIK Banka AD	Serbia	2004	5.07%	83.6	70.2
48	50	Credins Bank Sh.a.	Albania	1997	11.74%	6.9	8.2
49	48	Raiffeisen Bank Sh.a.	Albania	1917	6.13%	12.0	22.8
50	47	Sberbank Banka d.d.	Slovenia	1839	-1.68%	1.0	10.4

(\*) Net assets

in millions of euro

2020	2019	Bank Name	Country	Total Assets 2020	YY change in assets	Net profit/loss 2020	Net profit/loss 2019
51	51	Stopanska Banka AD - Skopje	North Macedonia	1748	6.22%	34.6	37.7
52	58	Allianz Bank Bulgaria AD	Bulgaria	1677	13.74%	4.2	16.9
53	56	Eurobank AD	Serbia	1674	10.74%	6.2	2.6
54	60	NLB Banka AD Skopje	North Macedonia	1565	9.49%	27.6	30.1
55	59	Intesa Sanpaolo Bank Albania Sh.a.	Albania	1525	6.23%	10.5	14.0
56	63	Libra Internet Bank SA	Romania	1503	12.06%	7.8	24.1
57	55	First Bank SA (formerly known as Piraeus Bank Romania SA)	Romania	1501	-3.98%	-12.6	26.7
58	66	ProCredit Bank Bulgaria AD	Bulgaria	1493	16.88%	17.3	18.4
59	57	Sberbank d.d.	Croatia	1467	0.10%	-4.7	11.7
60	54	Addiko Bank d.d.	Slovenia	1449	-10.42%	11.0	18.4
61	64	Moldova Agroindbank SA	Moldova	1441	17.24%	25.5	36.8
62	65	Sberbank Srbija AD	Serbia	1352	0.69%	3.2	2.6
63	61	Banca Romaneasca SA	Romania	1328	-2.47%	2.1	-3.6
64	62	Intesa Sanpaolo Romania SA	Romania	1327	-1.79%	1.6	11.8
65	79	Crnogorska Komercijalna Banka A.D.	Montenegro	1304	59.75%	1.8	4.9
66	73	Credit Agricole Banka Srbija AD	Serbia	1298	28.17%	7.3	9.6
67	67	Banka Sparkasse d.d.	Slovenia	1294	2.55%	3.0	5.0
68	70	ProCredit Bank AD	Serbia	1267	16.45%	5.9	5.8
69	68	Intesa Sanpaolo Banka d.d.	Bosnia and Herzegovina	1191	-0.01%	9.3	17.3
70	74	Investbank AD	Bulgaria	1125	15.92%	1.1	2.1
71	76	Halk Banka AD Skopje	North Macedonia	1085	16.66%	9.0	11.4
72	71	Municipal Bank AD	Bulgaria	1052	0.62%	4.5	0.9
73	72	Dezelna Banka Slovenije d.d.	Slovenia	1045	2.67%	5.1	0.7
74	75	Moldindconbank SA	Moldova	1007	15.41%	20.5	35.2
75	77	Bulgarian-American Credit Bank AD	Bulgaria	956	11.87%	6.6	7.3
76	83	International Asset Bank AD	Bulgaria	911	15.08%	6.9	7.5
77	82	Sparkasse Bank d.d. Sarajevo	Bosnia and Herzegovina	872	7.87%	6.1	12.0
78	81	Addiko Bank AD	Serbia	866	7.08%	4.6	9.4
79	80	Credit Europe Bank (Romania) SA	Romania	824	3.24%	-3.6	13.7
80	87	Banka OTP Albania Sh.a. (formerly known as Banka Societe Generale Albania Sh.a.)	Albania	780	6.44%	5.4	7.6
81	86	Sberbank BH d.d.	Bosnia and Herzegovina	779	2.50%	3.5	5.2
82	88	Ohridska Banka AD - non-existent	North Macedonia	734	7.01%	1.1	3.9
83	85	Victoriabank SA	Moldova	726	3.84%	11.2	16.5
84	98	Halkbank AD	Serbia	725	21.46%	4.5	4.0
85	new	Vista Bank (Romania) SA (formerly known as Marfin Bank (Romania) SA)	Romania	708	33.66%	0.1	-3.5
86	89	Patria Bank SA	Romania	704	7.40%	0.6	1.1
87	93	American Bank of Investments Sh.a.	Albania	704	12.12%	8.6	6.1
88	96	NLB Banka AD	Serbia	689	11.92%	2.5	4.1
89	95	Tirana Bank Sh.a.	Albania	682	11.09%	5.2	3.3
90	94	Mobiasbanca - OTP Group SA	Moldova	679	17.54%	6.8	12.8
91	91	Bosna Bank International d.d. Sarajevo	Bosnia and Herzegovina	669	3.98%	2.7	6.0
92	92	NLB Banka d.d. Sarajevo	Bosnia and Herzegovina	643	0.80%	6.6	9.5
93	97	ERSTE Bank A.D.	Montenegro	639	5.57%	5.1	12.3
94	90	Alpha Bank Albania Sh.a.	Albania	623	-1.57%	-7.9	1.1
95	new	Citibank Europe PLC - Bulgaria branch	Bulgaria	601	17.90%	3.8	6.0
96	new	D Commerce Bank AD	Bulgaria	594	14.09%	3.8	4.0
97	new	Union Bank Sh.a.	Albania	581	9.01%	3.8	6.1
98	new	ProCredit Bank AD	North Macedonia	574	16.76%	3.4	4.2
99	new	Idea Bank SA (formerly Romanian International Bank SA)	Romania	556	14.50%	3.1	3.1
100	new	Hipotekarna Banka A.D.	Montenegro	543	2.28%	3.5	4.9





## SEE banks feel Covid-19 pinch, Banca Transilvania tops list for third year in row

By Dragana Petrushevska

The banks in Southeast Europe (SEE) showed resilience in the pandemic-defined 2020, as their total assets continued to grow. The measures introduced by the authorities to reduce the impact of the Covid-19 spread, however, took a heavy toll on their bottom lines and only a few of the region's top lenders managed to grow their net profit. Cross-border M&A activity further reshaped the region's banking landscape as a bunch of big deals were completed in 2020.

### Lenders take profit hit

Among the top one hundred banks in the region, only ten managed to increase their net profit in 2020. Two Romanian lenders, Banca Romaneasca and Vista Bank, formerly known as Marfin Bank, swung to profit after booking losses a year earlier. Six banks turned to net loss in 2020, compared with just one in 2019.

SEE's largest banks posted a combined

net profit of 2.977 billion euro in 2020, a sharp decline from the record-high 4.673 billion euro in 2019, due to the effect of the measures imposed by the governments and central banks in the region to prevent a deeper economic downturn and ensure stability.

In a time marked by lockdowns and curfews, central banks maintained a relaxed monetary policy for most of the year, lowering their key interest

rates to record-low levels to provide additional support for domestic economies. Banks were also directly impacted by loan repayments moratoria which were introduced temporarily in all countries in the region.

At the same time, most banks held off on distributing dividends in 2020 in line with central banks' bans to shield against risks related to the health crisis. Countries that imposed such bans

### 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, 2020.

To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2020 and 2019, 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.

include Croatia, Slovenia, Montenegro, Bulgaria and North Macedonia, following a recommendation by the European Central Bank (ECB).

Bulgaria's central bank introduced a set of measures worth 9.3 billion leva intended to maintain the stability of the banking system amid the pandemic. The elements of the package included capitalization of the banking system's total profit volume, cancellation of the increases in the countercyclical capital buffer planned for 2020 and 2021, and increasing the liquidity of the banking system through reduction of the foreign exposures of commercial banks.

### Banks expand assets due to increased lending

The SEE governments backed a number of loan schemes for businesses and the increased lending helped banks grow their assets. Only 10 lenders among the largest banks in the region lowered their assets last year, compared with 12 in 2019. The combined assets of the top one hundred lenders grew 8.7% to 343.9 billion euro in 2020, faster than in 2019 when they expanded by 7.9%.

Romania's Banca Transilvania topped the largest banks chart for a third consecutive year. The bank saw its assets grow 18% on the year, reaching 21.2 billion euro. The positive results are due mainly to an increase in the volume of operations and adequate cost management, the bank has said. Its net profit, however, fell to 245.9 million euro in 2020 from 339.1 million euro in 2019.

Croatia's Zagrebacka Banka remained the second largest bank in the region with 16.5 billion euro in assets, up 5.86% year-on-year. Romania's Banca Comerciala Romana followed with assets of 16.3 billion euro, 11.33% higher than a year earlier.

Bulgaria DSK Bank, part of Hungarian banking group OTP, was the only new entrant in the top ten, taking the seventh position. Its assets grew 43% following the absorption of Expressbank, which it acquired from France's Societe Generale Group a year earlier.

Bulgaria had two new entrants in the top one hundred ranking, a much as Romania, and Albania, Montenegro and

North Macedonia had one each.

Romania remained the best represented country in the ranking with 19 banks, up from 18 in 2019. Bulgaria and Serbia followed with 16 entrants. Romanian banks held combined assets of 111.6 billion euro, or 32% of the total assets of the region's largest banks. They generated 969.2 billion euro of net profits, or 33% of the total.

### M&A deals reshape the region's banking industry

The year 2020 saw the completion of several big deals in the banking industry, the largest being the acquisition of Slovenia's lender Abanka by local Nova Kreditna Banka Maribor for 444 million euro in December. Prior to the deal, Abanka was owned by Slovenia's government.

Also in December another Slovenian bank – Nova Ljubljanska Banka – completed the purchase of an 83.23% stake in Serbia's Komercijalna Banka for 394.7 million euro.

In Romania, the National Bank of Greece sold its 99.28% stake in Banca Romaneasca to the Export-Import Bank of Romania. In another landmark deal, IT entrepreneur Vasile Olimpiu Balas and investment fund TechVentures Capital AFIA together acquired a 74.1% stake in Banca Comerciala Feroviara, now Techventures Bank.

## 21.2 bln euro

### The assets of Banca Transilvania, the region's biggest lender

US-based investors were behind some of the M&A movements in the sector. Opportunity Transformation Investments sold a 78% stake in Opportunity Bank Serbia to a group of four investors for an undisclosed sum, whereas Adriatic Capital acquired Montenegrin lender Nova Banka from Azmont In-

vestments, a local subsidiary of Azerbaijan Global Investments.

In Bulgaria, the state-owned Bulgarian Development Bank acquired some 28.3 million new shares in First Investment Bank (Fibank), representing around 19% interest, for over 141 million leva.

### ECB started overseeing Bulgarian, Croatian banks

The ECB started directly supervising five Bulgarian and eight Croatian banks in October as part of the two countries' preparations to join the eurozone. The move came after the ECB established close cooperation with the central banks of the two countries and assessed the significance of their banks earlier that year. The ECB accepted Bulgaria and Croatia to the Exchange Rate Mechanism (ERM II), the mandatory training grounds for the euro adoption, in July 2020.

## 343.9 bln euro

### The combined assets of SEE TOP 100 banks in 2020

### North Eurostandard Bank loses licence

Not all banks in the region fared well. North Macedonia's central bank in August revoked the founding and operating licence of Eurostandard Bank due to non-compliance with the minimum requirements for operating a bank. The central bank underlined at the time that the crucial problems with the bank stemmed from past weaknesses, not present circumstances. The bank held 1.3% of North Macedonian banking sector's total assets, 1.7% of deposits and 1.6% of loans as of June 30, 2020.

### Macedonia's Bank loses

## ESG factors fully-integrated into our decision-making processes

*Raluca Popescu is Head of Corporate and Investment Banking of UniCredit Bulbank and member of the Management Board of the bank in Bulgaria since November 2019. She is also member of the Supervisory Board of UniCredit Leasing and chair of the Management Board of UniCredit Factoring. She has been working in the banking system for more than 18 years, taking different positions within UniCredit Group – Corporate and Private Banking Branch Manager in Romania, Head of Italian Corporates Desk and Head of International Center at UniCredit Bank Romania and UniCredit Bank Hungary.*



Raluca Popescu,  
Head of Corporate and Investment Banking,  
UniCredit Bulbank

## How have banking services for legal entities evolved over the past year?

One way or another, the new developments around the world have had a strong impact on the business and the banking institutions are not an exception. We managed to transform all the challenges into real opportunities, to upgrade and diversify the products and services offered to our clients. We are investing a lot in the digitalisation of our services, something that we started already some years ago. This gives us further motivation to keep the pace, to move ahead with new success stories and maintain our leading market position. Despite the limitations for physical meetings with clients, we managed to keep a good dialogue and work together. This showed how flexible we are and that we can do business even in unprecedented times and in a fully online environment.

Being a responsible leader in the corporate banking in Bulgaria, we strengthened further our focus on taking the digital banking services to the next level. Companies can take advantage of our e-solutions in the digital channels as well as in Bulbank Online and Bulbank Mobile. We have been developing and popularising further the Module for Online Securities Trading in Bulbank Online, which gives the individual clients opportunities to place orders and keep track of the securities and transactions from their personal wallet. Furthermore, we are proud with our Trade Finance Module in Bulbank Online which accepts easily corporate clients' orders and all trade finance deals can be administrated completely online. The newest service developed by UniCredit Bulbank is the e-signing of documents - now legal entities have the opportunity to digitally sign (approve and send documents using QES\* or the mobile app Evrotrust). For us it is important that Evrotrust, in their start-up phase, entrusted UniCredit in Bulgaria to support and help them grow. This is another proof of the important interdependence between fintech and financial institutions. This way we simplify and accelerate the process - being more operationally effective paperless and maintaining a better traceability and archive of the documents. Easy, secure and timesaving.

## Going forward, what are the highlights of your business strategy in terms of digitalisation?

As we all know, the last year and a half has been difficult for everyone, but we adapted quickly to the challenging new reality. This stimulated us to work even harder and accelerate further the process of creating new digital solutions for the corporate banking sector. Nowadays, more and more of our legal entity clients prefer to perform their operations with the bank remotely. All we do is underpinned by a client-centric approach, we always work to satisfy these and our preferences and facilitate both our clients and our employees. This way clients can focus on their main business activities, while the bankers can focus on the customer relationship and company business development.

## The newest service developed by UniCredit Bulbank is the e-signing of documents

## UniCredit has pledged to discontinue all financing of the coal sector by 2028 as part of plans to promote the green economy. What type of renewable energy projects do you intend to focus on in terms of financing in Bulgaria?

UniCredit is playing a central role in facilitating the transition to a more sustainable economy in line with the EU definition of sustainable finance aimed at supporting economic growth while reducing pressures on the environment and also taking into consideration social and governance aspects. Our updated coal policy is one example of our increasing ESG focus, with a commitment to, together with our clients, phase out coal sector financing by 2028.

In addition, we have further restrictive policies in place for the Arctic and Non-Conventional Oil & Gas sectors

and we are committed to review our position also on other controversial sectors, taking into consideration all the most recent developments in the market and giving priority to the environmental risks present.

In Bulgaria, we have extensive expertise in green project financing and renewable energy and we are managing a diversified portfolio of green projects. It is not a new practice for us, and we are proud of our achievements in this area. Our approach towards our customers is to gain a full understanding of their business activities, future plans and ambitions and to together structure the most suitable sustainable solutions to best support their business needs.

## We strengthened further our focus on taking the digital banking services to the next level

## Could you tell us more about your Environment, Social and Governance (ESG) policies?

At UniCredit, sustainability is part of how we do business and support our clients, communities, partners, and the industry at large by financing the transition to a low-carbon and more inclusive economy. ESG factors are integrated across our business with concrete targets and monitoring from lending to risk management, and the long-term incentive plans of our top management.

We have a long-term commitment to sustainability both internally and externally, embedded in our values and culture. To support the sustainable market and always match our clients' needs, we continue to expand our ESG product and service offer, including: Social Impact Banking, sustainable financial instruments and advisory, energy efficient loans and sustainable investment products and advisory.



Our bank's ESG progress to date has seen UniCredit reduce its GHG emissions by 60% as of 2020 (Scope 1 and 2) compared to the 2008 baseline with the long-term target of an 80% reduction by 2030. We are also on track to become completely paperless and remove all single-use plastic from our buildings by 2023.

In addition, in 2020 we updated our coal policy and continue to work to align our corporate lending portfolios with the climate scenarios of the Paris agreement. Furthermore, UniCredit is a leader in sustainable finance targeting a Top 5 league table position in EMEA combined Green Bonds and ESG-linked loans by 2023. The bank issued its inaugural Senior Preferred Green Bond for 1 billion euro at the end of June further underlining our strong commitment to sustainability and the strategic importance of ESG for the Group.

## All we do is underpinned by a client-centric approach

ESG helps us live and deliver on our values and continually grow our impact in the community. In 2020 our contribution to the development of our communities was 41.8 million euro (as measured by the B4SI reporting framework).

Furthermore, from the social side, the specific mission of our Social Impact Banking is to sustain companies committed to a social mission in the welfare sector, including social assistance, health, services for caregivers and education, as well as companies with a clear ESG orientation.

We are also focused on fostering an environment of equal opportunities and inclusion internally. In January, UniCredit was for the second time included in the Bloomberg 2021 Gender-Equality Index (GEI) alongside other companies that are setting a clear example to advance women in the workplace. In 2020, the bank also joined the Valuable 500, a global movement focused on putting disability management

on the business leadership agenda.

### **Do you see a pick up in credit activity? What types of projects would UniCredit finance?**

For the first half of 2021 we see more dynamic and increase in the number and volume of the lending deals, accompanied by high liquidity on the market. Recently, we witnessed developments on the local and global markets, related to the growth of the commodities prices, increased delivery times and unexpected breaks in the supply chain. This combined with the unpredictable evolution of the virus and possible restrictions in the upcoming months, are putting the companies into unforeseen situation in which they have to react fast and expect also from us quick and customised solutions.

Our primary objective is to continue offering the best services to our corporate clients. We are glad that today we look towards more complex financial structures, investments and important projects for the local and CEE markets. As mentioned already, the business related to ESG factors has a growing importance for us and we have been focusing more and more on it. Therefore, these factors are fully integrated into our decision-making processes related to our business and operations.

### **How are the financial instruments you offer developing in response to client demand?**

We talk to our clients to understand their business, strategy and needs, so then we can easily customise our proposition. This way we provide individual offers and tailor-made solutions. Moreover, our experts from the European Funds (EU) team are focused on providing a variety of banking products based on, and supported by, guarantee schemes to conclude new financial agreements for companies affected by the epidemic in the country. Programmes such as COSME, loans for companies affected by COVID-19 from Bulgarian Development Bank, as well as the Recovery programme are just some of the leading and sought-after programs to support our clients. We have also made the application for each product easily accessible – a digital form to be filled in through the bank's

website ([www.unicreditbulbank.bg](http://www.unicreditbulbank.bg)). This is followed by a call with one of our EU Funds experts who, together with the client, analyses the precise need and finds the most relevant solution.

In Bulgaria, we have extensive expertise in green project financing

## 41.8 mln euro

our contribution to the development of our community in 2020



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# We plan to move on to new level of customer experience

Giorgi Shagidze,  
CEO of MAIB

MAIB is the largest bank in Moldova, accounting for around 30% of the country's banking assets and around 35% of loans. MAIB provides 24.6% of all mortgage loans extended to Moldovans. MAIB booked an average 11.4% asset growth, 11.7% deposit growth and 8.9% profit growth in the last five years. The bank serves over 20% of Moldova's population and is among the largest employers in the country. The bank is widely recognised for its customer service and product innovation. Since 2018, MAIB's largest shareholder is HEIM Partners Limited, a UK-registered company, representing a consortium of investors composed of the European Bank for Reconstruction and Development, Invalda INVL, a leading asset management group in the Baltics and Horizon Capital, and Horizon Capital, an Emerging Europe-focused private equity funds manager.

Giorgi Shagidze was appointed as CEO of MAIB in 2021.

## What is MAIB's role and position in the Moldovan banking sector?

### 30% MAIB's market share

MAIB is the leading bank in Moldova with a market share of around 30%, and it is present in all market segments: retail, micro, small and medium-sized enterprises, corporate, leasing and investment services.

**1** mln

MAIB's customers

With about one million clients, MAIB is a successful and dynamically developing Bank that helps the clients to succeed in their lives and businesses, and also having a positive impact on the business environment of the country and overall investment climate.

Moldova is an attractive banking market with low levels of banking penetration, which creates good opportunities for growth at acceptable risk levels. For example, the loan to GDP ratio in Moldova is about 20%.

## What are your plans and strategic goals for the future?

MAIB's plans for the future can be categorised in four key strategic areas: Firstly, we plan to move on to a new level of customer experience. Customer will need to become the centre of our attention. This will obviously require harmonisation on many initiatives across employees, structure, culture, processes and all systems. Secondly, we aim to become the orchestrator of digital financial ecosystems. Currently, MAIB holds good positions in digital banking products and services and they need to be taken to a higher level. There are many interesting initiatives and innovations. As a driver of digital ecosystems, MAIB needs to implement all the most advanced, modern and progressive approaches in order to be a leader in this area, satisfying the needs of different types of customers.

Thirdly, MAIB is very well positioned to do an IPO on an international financial market at some point in the future, provided that the shareholders approve this step. This would be a very important decision because it will mean much more than setting a fair price of the shares and, in general, an evaluation of the bank's capital. The

shares' placement will have an impact on the entire business climate in the country, and in this regard, MAIB can become a flagship for the integration of Moldovan businesses into international financial markets and act as a gateway for bringing new investors into the country.

If we look at the long-term prospects for the development of the bank, then we can discuss how MAIB can use its digital offering to expand regionally.

Moldova is an attractive market with low banking penetration

MAIB is very well positioned for an IPO on an international financial market



**BEST**

Bank in Moldova



## We plan to fully digitalise all our products, launch new digital brand

*Tsvetan Krastev is co-founder and manager of Access Finance and member of the Management Board of Management Financial Group (MFG). Access Finance's most recognised brand is the international payment and shopping credit card White Card (Biala Karta). With its brands White Card and AXI Card the company operates in four European markets – Bulgaria, Romania, Poland, and as of February 2021 also in Spain. In Bulgaria the company employs more than 230 people who service close to 200,000 active cardholders. Access Finance's vision is to provide access for a convenient financial instrument to more and more people disregarding their current financial and social statuses. Focusing on its clients' needs, Access Finance enforces some of the most innovative work and client service solutions building strong long-term relations with its customers.*

**Tsvetan Krastev,**  
Access Finance co-founder  
and manager



Photo: Dillian Markov

**Access Finance is best known for White Card and AXI Card credit cards but what other services and products do you offer?**

Within Access Finance product port-

folio, we also have consumer loans, as well as “boutique” credit cards for the loyal clients only. Furthermore, we are very proud of our co-branded products offered through a partnership with a telecom. We established a successful business model with A1 in the last three

years and we currently offer consumer loans and credit cards under the brand of A1 through their customer network. Stepping on the experience we have from this quite beneficial for both sides partnership, we are currently actively researching potential telecom partners in



the other markets where we operate so we can export the model abroad.

We also recently started selling insurance products to our clients. Also, the plastic payment cards we know so well, will gradually disappear and this is inevitable. Thus, one of our top priorities is to create an entirely digital product for the European and US markets, as well as to fully digitalise all our current products.

### **Access Finance entered Spain in February. Do you plan to continue to expand to other markets?**

Of course. Our launch in Spain proves to be very successful so far. The product we managed to build and offer to the end-customer called AXI Card is very well recognised by the Spanish market, which resulted in over 90,000 client requests so far.

Our operational presence in Bulgaria, Poland and Romania gives us full confidence for further expansion in two more Western European markets in the very near future. We have already opened an office in San Francisco, the U.S., aiming to launch a business there in the course of 2022.

### Further expansion in two more Western European markets planned shortly

Ambitious plans, I admit. But as a manager and businessman I strongly believe that when you have a good idea, you shouldn't wait but go out there and make it happen. We are actively scouting for potential partners so that together we can scale the business multiple times.

### **What scalability goals are you striving to achieve?**

Our business model and technologies provide us almost unlimited opportunities for market growth. We replicate and expand fast on foreign markets – it takes us approximately six months to achieve market penetration. That is the reason for our constant search for investors and

telco partners so we can join forces and, adding their experience, scale up additionally our current growth. Our goals in the next three years are again ambitious but very realistic – to launch a new entirely digital brand, exceeding 1 million clients globally, developing strong business on the US market and covering 80% of EU markets.

### **Could you give us more details about your business model based on partnerships with telcos?**

As every successful business model, our aim is to build and provide an exceptional set of products and services to the telcom clients we reach out to. We have established a positive working relationship with telecoms which benefits both customers and partners.

### When you have a good idea, you should go out there and make it happen

Our operational teams manage the entire process, incl. funding and credit risk assessment, which allows any telecom – with zero investment and efforts – to provide privileged financial services to their customers, which brings better retention and satisfaction to them.

### **The Covid pandemic gave a strong boost to the digitalisation of companies across the board. How is this shift impacting your operations?**

Yes, the Covid pandemic has changed a lot of things in the customer behaviour. Currently, according to our analysis, 31% of all transactions are related to on-line trade. The share of on-line transactions has increased significantly due to the worldwide limitations we faced. On the other hand, we notice that clients from every age group have accepted the model of on-line shopping which until a few years ago was used only by the younger part of the customers.

But the digital transformation is an entirely natural process that happens not only in fintech of course. We are cur-

rently focused on eliminating the plastic cards entirely, which – as I mentioned above – is inevitable anyway.

### **What key trends do you see shaping up the fintech industry in the short term?**

The anticipated digitalisation path will change the industry in the next years. As I said, we forecast that all plastic cards will be replaced by digital ones which will make them much more competitive and effective in the customer "hands".

The banking industry has also started to transform and the branches should be considered mostly exotic, rather than official service centres.

### **What are the pillars of your business strategy until 2030?**

Digitalisation and geographical expansion. One of our goals is to expand our telecom partnership network and attract new investors to join us on this journey to boost our growth in the right direction. As the main pillar in the future, we have to focus on the clients' preferences and develop a competitive and flexible products and services. This business strategy has already produced positive results for our customers, giving them the most functional and innovative products, they are looking for.

### We are actively scouting for potential partners to scale up the business

### Digitalisation and geographical expansion are the pillars of our business strategy until 2030

## We crave to build constantly evolving fintech ecosystem



Antonia Sabeva,  
CEO of MFG



Nedelcho Spasov,  
MFG shareholder



Stanimir Vasilev,  
MFG shareholder

### **What are the main trends underlying the development of the fintech industry and what is MFG's response in terms of products and services?**

Stanimir Vasilev:

Everything is getting digital but this is not a new trend. We need to add the human touch back to the digital experience now, at least until the AI passes the Turing test.

Nedelcho Spasov:

Efficiency and profitability are back in fashion, as opposed to pursuing a bigger market share at all cost, even in the winner-takes-it-all sectors of the industry.

Antonia Sabeva:

The main trend is the speed of globalisation of the financial services. In the past years we've seen only banks expand abroad, and many of those regionally. On a larger scale we had in many countries the heavyweights Citibank, Barclays, Deutsche Bank, ING, etc. In SEE, after

the fall of the iron curtain mostly banks from Germany, Austria and Greece were expanding their foothold. The global players were involved mostly in institutional and large corporate lending. And retail lending was left to companies with limited technological and managerial potential. This resulted in much slower development of financial services in general in SEE. Due to the smaller standalone scale of the markets, the lenders were not willing to invest too much.

NS: More flexible financial regulations in the EU, and not only, have allowed the rapid expansion of non-banks in the past few years. Depending on the exact type of services, now it may be just as easy to launch operations on your home market as to expand abroad. You just need the appropriate licence. The best known examples are maybe Revolut and N26 that expanded in several countries at the same time without even setting local offices. This has seriously disrupted the businesses of the long-standing local players and has forced them to follow suit. This has been to the advantage of customers, offering them more and better products at lower prices. This has been a revolution similar to the one in air travel with the arrival of the low-cost carriers.

SV: For MFG all this means we need to focus on innovation and customer service even more than before. We've been on the market for many years now and we claim to know our customers better than anyone else. So knowing the markets abroad, we want to offer our clients the best-in-class global experience that will be culturally and linguistically adapted. This is something that the likes of Revolut are far from being able to do. One such product idea is a customer-centric one-stop solution for all their finances and lifestyle needs. A super app that would allow the clients to use their phones for payments, credit products, insurance, other fintech products and services, adding to lifestyle needs such as shopping, daily routines, entertainment, subscriptions, travel services, healthcare, etc. with in-app messaging. One super app for a super life!

**MFG comprises companies employing various business models. Could you tell us some more?**

NS: Sixteen years ago our first company – Easy Credit – started operations as a home collected credits lender. This company still utilises the same business model. We employ more than 6,000 agents visiting our 300k+ clients on a weekly basis, but our agents and our back-office operations are a lot more advanced. We can be easily perceived as being almost like the Uber of credits. Each agent uses a digital device for real-time communication with our central system, being provided with real-time customer data,

scoring decisions, if needed, and this gives us the opportunity to take credit decisions on the spot, while having coffee with the client and in most of the cases also advancing the cash needed. More than 90% of the back-office operations are fully automated and we strive to be a paperless office by the end of 2022. Unfortunately, some government agencies in Bulgaria and Romania still require paper signed documents, but we believe this too will change.

**We want to offer our clients a one-stop solution for all their finances and lifestyle needs**

SV: On top of the knowledge acquired by this not at all easy, non-prime lending model, we started building knowledge about other products, services and segments and nowadays we have a growing credit card business through our company Access Finance in four EU countries – Bulgaria, Romania, Poland and Spain, an SME lender Fintrade, an e-money institution Easy Payment Services and our own P2P platform iuvo, which is among the top European P2P lending platforms, for diversifying our funding sources. Recently, we were the first to introduce the original buy now, pay later (BNPL) model in Bulgaria with the company NewPay. What is one of the biggest trends in the e-commerce worldwide is literally unknown and unheard of in Bulgaria. We have a real chance, and the know-how, to make a revolution in online shopping and financing in Bulgaria and in the region.

We are also very ambitious in our geo-expansion efforts and we plan to enter the US market by the end of 2022 and to grow in more West European markets even sooner.

AS: We are especially fond of the card model which is so far unique in the EU. No one before offered a prime product such as the credit card - due to its technological complexity and high fixed costs - to clients with irregular or low incomes or even no credit history. These consumers are not used to such a product that allows for much flexibility when using credit. We took the large risk to

start the project, it took us years to educate our clients and we did take quite some losses. But we are happy that we helped hundreds of thousands of people improve their credit dossiers, manage better personal finance, probably take mortgage and improve general well-being. And now our company EPS is probably the largest Bulgarian credit card issuer, helping individuals in four countries! One of the companies within the group, MFG Invest, finances early stage start-ups.

**What kind of companies is it looking to add to its portfolio?**

NS: Our experience is mainly in the fintech sector. On top of that it is very hot right now and will be hot in the coming years, so naturally we are interested in discovering new business ideas and solutions there. We also witness the big change in retail – e-commerce in Europe is growing with double, even triple digits and surely this sector will attract more and more investments.

SV: Generally, we would like to identify young, brave companies that harness technology in order to improve our daily life in one way or another. Our portfolio already consists of fintech services providers such as Payhawk and Boleron, innovative software services such as Log-Sentinel and Tiger Technology, and food and ecommerce companies of the future as we see it with investments in ebag, ONDO and Seewines.

**MFG has been expanding rapidly in the past years. How do you see this process going forward? What areas will you focus on and what are your strategic goals?**

NS: We would like to build a group of centrally coordinated but independently functioning companies. We see it as a constantly evolving fintech ecosystem that will stand strong in the long run due to its data and technology architecture, the smart innovative technologies implemented, and the shared resources, ideas, knowledge and synergy between the businesses. Our mission is to provide financial inclusion to as many people as possible and we stand by our core values - visionary spirit and entrepreneurship to provide bold, state-of-the-art fintech products and services for the benefit of the people; empathy when providing ser-

vice to our customers and engaging with our colleagues; and sustainable growth and development in harmony with society, nature and people.

SV: Strategically, we want to continue building on our core capabilities and further grow the business – the potential is truly enormous! We consider ourselves as being very good at credit scoring - especially for the sub and near-prime markets, but also at micro and SMEs; IT - almost all our systems are developed in-house, which gives us speed and agility; and last but not least, people and operations management - with more than 8,300 employees on six markets, learning this is inevitable.

AS: We would like to further diversify our geographical span and enter new markets, but we won't rush into this as every country is different and requires special attention, knowledge and in many cases, product and operations localization, even within the EU.

SV: We are definitely seeking to diversify our financing options further and beyond the few partner banks that we work with and our P2P platform. Currently, the leverage of the Group is still low and being in growth mood, we need the additional fuel to skyrocket.

**The Covid pandemic gave a strong boost to the digitalisation of companies across the board. How is this shift impacting your operations?**

AS: Long before the pandemic we had a very strong digitalisation programme underway and I must say that Covid actually helped us accelerate the execution of this program. We have streamlined our processes to protect the health of our employees and clients and reduce our dependence on personnel. Part of the most important changes include the following:

- **Automation of the credit approval.** Now at one of our companies the total time between our first interaction with the client and final credit decision is less than a minute for 75% of clients! Here the traditional players don't even come close and we are in a league of our own.

- **Self-service electronic identification.** We partnered with one of the world's leading technology providers, British

company Onfido, to offer personal identification through a mobile phone. We are among the pioneers in SEE and we bear the costs of market education but improved customer service, speed and decreased risks for customer health are priceless!

- **Electronic contract signing.** We have introduced distant signing of credit contracts in all our markets. We are especially fond of doing that for credit cards as we are unique in some of our markets offering completely remote onboarding (identification and signing) for credit card products to new clients.

From an organisational point of view, we reduced tremendously our reliance on offices. Practically all our employees worked from home during the pandemic and this switch took us just two days. This is an enormous effort and a great success for our ICT team and we are highly grateful to them. However, in many departments it is essential for us to keep the start-up culture and we prefer to work from the office when the health situation allows it.

**Did the Covid pandemic make you revise in any way your relations with employees and clients?**

AS: Yes, initially, in March-April 2020, we were a bit scared from the unknown and we reduced our lending. We never cut it off completely but our volumes during these initial months dropped by 40-50%. This was only natural, actually, as clients were not eager to buy new loans.

We would like to build a group of centrally coordinated but independently functioning companies

They were consuming less and less, staying at home and had the same fear about the future, hence, reluctant to get into debt. Little by little, by the end of the year, as our customers' state and senti-

ment changed, we returned to the pre-pandemic budgeted levels.

Concerning our employees, here the cliché "we are our employees" is pretty much valid. We never cut positions, or let go anyone go because of the pandemic. Parting with good and valuable employees is like taking away from our Group's flesh and blood. Work habits changed, of course, but we all know this...

**What are the highlights of your business strategy until 2030?**

NS: More markets on more continents. More easy-to-use and innovative fintech products and services for the benefit of the people provided in a new and exciting way.

SV: If the stars align – getting a banking licence in the EU.

We are seeking to diversify our financing options further

Our mission is to provide financial inclusion to as many people as possible

We aim to get a banking licence in EU





in millions of euro

TOP 100 INSURERS

2020	2019	Company Name	Country	Gross written premium 2020	Y/Y Change in GWP 2020 (%)	Net profit/loss 2020	Net profit/loss 2019
1	1	Zavarovalnica Triglav d.d.	Slovenia	647.6	-1.76%	58.0	70.6
2	3	City Insurance SA	Romania	474.0	20.66%	-4.9	11.9
3	2	Zavarovalnica Sava d.d.	Slovenia	447.0	4.27%	48.9	38.5
4	28	Generali Zavarovalnica d.d.	Slovenia	426.1	303.85%	5.7	3.3
5	4	Croatia Osiguranje d.d.	Croatia	363.8	0.11%	30.5	39.4
6	5	Vzajemna Zdravstvena Zavarovalnica d.v.z.	Slovenia	342.8	3.62%	11.9	9.8
7	7	Omniasig Vienna Insurance Group SA	Romania	284.2	5.89%	5.5	-1.7
8	8	Euroins Romania Asigurare Reasigurare SA	Romania	268.4	2.21%	-45.8	-9.1
9	9	Dunav Osiguranje AD	Serbia	253.2	4.45%	27.3	25.6
10	10	Allianz - Tinac Asigurari SA	Romania	237.2	1.43%	24.4	31.8
11	11	Groupama Asigurari SA	Romania	218.3	4.30%	3.5	-12.6
12	14	Triglav Zdravstvena Zavarovalnica d.d.	Slovenia	196.4	10.70%	4.8	2.9
13	12	Generali Osiguranje Srbija AD	Serbia	188.3	-4.44%	32.0	33.3
14	16	Euroherc Osiguranje d.d.	Croatia	178.0	4.89%	16.4	17.7
15	15	NN Asigurari de Viata SA	Romania	175.3	3.45%	17.0	12.6
16	17	Lev Ins AD	Bulgaria	156.7	-3.21%	2.9	0.8
17	21	Euroins AD	Bulgaria	152.6	22.64%	3.3	2.6
18	13	Allianz Hrvatska d.d.	Croatia	151.5	-16.18%	7.2	15.6
19	18	Bulstrad Vienna Insurance Group AD	Bulgaria	146.1	2.99%	7.8	5.8
20	29	Adriatic Osiguranje d.d.	Croatia	132.9	33.10%	9.1	8.0
21	19	DZI - General Insurance EAD	Bulgaria	132.2	0.74%	21.4	13.8
22	22	Asirom Vienna Insurance Group SA	Romania	130.0	15.91%	-2.4	-7.7
23	20	Wiener Osiguranje Vienna Insurance Group d.d.	Croatia	129.7	5.44%	5.3	7.1
24	27	Wiener Stadtische Osiguranje AD	Serbia	113.0	5.23%	10.3	8.6
25	26	DDOR Novi Sad AD	Serbia	111.7	3.52%	10.6	8.7
26	23	Armeec AD	Bulgaria	105.0	-7.65%	3.4	2.7
27	39	Dall Bogg Zhivot i Zdrave EAD	Bulgaria	102.3	39.81%	1.5	1.6
28	25	Generali Osiguranje d.d.	Croatia	100.1	-6.27%	-2.4	1.7
29	24	OZK - Insurance AD	Bulgaria	93.1	-15.79%	2.8	1.8
30	30	Generali Romania SA	Romania	91.2	-4.57%	7.5	1.4
31	31	Generali Insurance AD	Bulgaria	87.2	-3.88%	11.8	9.5
32	33	Bul Ins AD	Bulgaria	84.0	-5.33%	0.3	2.8
33	32	Allianz Bulgaria AD	Bulgaria	81.1	-8.88%	11.1	9.3
34	35	Vita d.d. (formerly known as NLB Vita d.d.)	Slovenia	77.2	-8.58%	8.7	9.0
35	37	BCR Asigurari de Viata Vienna Insurance Group SA	Romania	76.4	0.84%	6.2	7.3
36	34	UNIQA Osiguranje d.d.	Croatia	76.0	-9.79%	3.2	5.1
37	36	UNIQA Asigurari SA	Romania	75.8	-1.66%	0.8	0.5
38	40	Triglav Osiguranje d.d.	Croatia	72.9	12.55%	-2.6	0.4
39	44	Modra Zavarovalnica d.d.	Slovenia	61.9	15.75%	4.0	12.2
40	43	Triglav Osiguranje AD	Serbia	61.0	4.50%	3.9	2.1
41	42	Grawe Hrvatska d.d.	Croatia	57.6	-3.85%	1.7	4.3
42	38	Bulstrad Life Vienna Insurance Group AD	Bulgaria	53.2	-29.33%	2.1	2.2
43	46	Merkur Zavarovalnica d.d.	Slovenia	52.1	7.92%	3.1	3.0
44	45	Agram Life Osiguranje d.d.	Croatia	51.5	0.21%	4.0	2.8
45	41	BRD Asigurari de Viata SA	Romania	50.3	-16.91%	1.1	2.3
46	47	Grawe Zavarovalnica d.d.	Slovenia	47.1	1.00%	1.3	1.0
47	48	DZI - Life Insurance AD	Bulgaria	38.1	-2.68%	2.3	3.4
48	66	Grawe Romania Asigurare SA	Romania	37.9	39.39%	-3.5	-3.2
49	56	Grawe Osiguranje AD	Serbia	37.3	8.26%	7.2	5.1
50	52	Adriatic Osiguranje d.d.	Bosnia and Herzegovina	35.6	1.31%	3.1	2.9

in millions of euro

2020	2019	Company Name	Country	Gross written premium 2020	Y/Y Change in GWP 2020 (%)	Net profit/loss 2020	Net profit/loss 2019
51	60	Wiener Stadtische Versicherung AG - Branch Ljubljana	Slovenia	34.9	5.61%	5.2	5.8
52	57	AMS Osiguranje AD	Serbia	34.3	2.30%	5.0	4.8
53	55	Sarajevo Osiguranje d.d.	Bosnia and Herzegovina	34.0	-1.58%	0.3	0.3
54	58	Pool-ul de Asigurare Impotriva Dezastrelor Naturale SA	Romania	33.9	3.51%	8.4	7.6
55	49	UNIQA Nezivotno Osiguranje AD	Serbia	33.2	-11.07%	-0.7	1.3
56	50	Merkur Osiguranje d.d.	Croatia	32.9	-8.58%	1.6	3.1
57	99	Onix Asigurari SA	Romania	32.2	170.37%	7.4	4.1
58	62	Euroherc Osiguranje d.d.	Bosnia and Herzegovina	32.0	1.01%	4.8	4.6
59	59	Lovcen Osiguranje AD	Montenegro	32.0	-3.47%	3.9	0.6
60	53	UNIQA AD	Bulgaria	31.9	-8.85%	1.0	1.7
61	61	UNIQA Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	31.8	-1.90%	1.6	1.5
62	51	Sigal UNIQA Group Austria Sh.a.	Albania	31.5	-9.38%	3.7	1.1
63	63	Hrvatska Osiguravajuca Kuca d.d.	Croatia	31.0	-0.46%	1.0	0.7
64	64	Milenijum Osiguranje AD	Serbia	30.0	-1.61%	5.3	3.9
65	65	Grawe Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	28.1	0.16%	2.1	1.3
66	68	Triglav Osiguranje d.d. Sarajevo	Bosnia and Herzegovina	27.6	11.06%	1.3	0.9
67	72	Signal Iduna Asigurare Reasigurare SA (formerly known as Signal Iduna Asigurari de Viata SA)	Romania	26.5	26.81%	0.8	0.1
68	54	UNIQA Life Insurance AD	Bulgaria	26.2	-25.02%	2.4	3.3
69	69	Allianz Bulgaria Life AD	Bulgaria	22.3	-6.11%	3.2	3.7
70	75	Albsig sh.a.	Albania	21.7	135.1%	1.3	1.3
71	74	Central Osiguranje d.d.	Bosnia and Herzegovina	21.7	10.92%	0.0	1.4
72	71	Sava Nezivotno Osiguranje AD	Serbia	20.8	-8.21%	1.4	0.8
73	70	Triglav Insurance AD	North Macedonia	20.0	-13.56%	1.1	0.2
74	84	ASA Osiguranje d.d.	Bosnia and Herzegovina	19.5	17.43%	1.3	1.1
75	80	Prva Osebna Zavarovalnica d.d.	Slovenia	19.4	6.09%	3.6	2.8
76	73	GRAWE Bulgaria Life Insurance EAD	Bulgaria	19.3	-1.29%	1.1	2.1
77	67	Croatia Osiguranje d.d.	Bosnia and Herzegovina	18.7	-28.02%	0.4	0.0
78	new	Grawe Osiguranje a.d. Banja Luka	Bosnia and Herzegovina	18.3	69.15%	1.0	0.4
79	76	Vienna Osiguranje d.d.(former Merkur BH Osiguranje d.d.)	Bosnia and Herzegovina	17.6	-7.79%	0.1	0.5
80	new	Globos Osiguranje AD	Serbia	17.5	687.12%	0.0	-0.1
81	82	UNIQA Asigurari de Viata SA	Romania	17.4	3.43%	0.9	1.0
82	79	Sigma Interbanian Vienna Insurance Group Sh.a.	Albania	16.8	-7.43%	0.9	1.0
83	77	Eurosig Sh.a.	Albania	16.5	-11.87%	0.3	1.1
84	83	Allianz Zavarovalna Podružnica - non-existent	Slovenia	16.1	-4.28%	-2.5	-1.9
85	78	Gothaer Asigurari Reasigurari SA	Romania	16.0	-13.68%	-4.4	-3.7
86	81	Energia AD	Bulgaria	15.7	-8.43%	5.0	3.9
87	85	Eurolink Osiguruvanje AD	North Macedonia	15.6	-4.89%	0.4	0.0
88	86	UNIQA Zivotno Osiguranje AD	Serbia	14.5	-10.27%	1.1	1.0
89	87	Makedonija Skopje - Vienna Insurance Group AD	North Macedonia	14.0	-7.02%	0.9	1.4
90	90	Sava Osiguruvanje AD	North Macedonia	13.8	-4.29%	0.5	0.2
91	93	UNIQA AD	North Macedonia	13.4	0.53%	0.0	-0.4
92	new	Halk Osiguruvanje AD (formerly known as Albsig AD)	North Macedonia	13.3	57.03%	0.0	-2.3
93	100	Groupama Insurance EAD	Bulgaria	13.1	10.67%	0.5	-0.8
94	91	Sava Osiguranje AD	Montenegro	12.8	-6.70%	1.8	1.2
95	92	Asset Insurance AD	Bulgaria	12.6	-7.01%	1.4	0.6
96	97	Grawe Carat Asigurari SA	Moldova	12.6	5.64%	1.2	1.1
97	new	Intersig Vienna Insurance Group Sh.a.	Albania	12.5	90.03%	0.7	0.7
98	88	Coface PKZ zavarovalnica d.d. (formerly known as SID – Prva Kreditna Zavarovalnica d.d.)	Slovenia	12.3	-16.64%	2.2	1.2
99	89	Coface PKZ Zavarovalnica d. d.	Slovenia	12.3	-16.64%	2.2	1.2
100	94	Euroins Insurance AD Skopje	North Macedonia	11.8	-10.64%	0.8	0.8



## SEE top insurers premiums stay flat despite decline in profit

By Radomir Ralev

The combined net profit of the top 100 insurers in Southeastern Europe (SEE) went down to 476.4 million euro in 2020 from 496.8 million euro in the previous year. About 40% of the insurers in the top 100 list recorded a decline in net profit in an environment of unprecedented challenges caused by the coronavirus crisis and persisting low interest rates. SEE insurers, however, demonstrated resilience as their gross written premiums (GWP) remained unchanged at 8.1 billion euro. Still, nearly half of the entrants in this year's ranking reported a decline in their GWP, including 14 that posted a double-digit fall.

Ljubljana-based Zavarovalnica Triglav managed to keep its top spot in terms of both GWP and net profit for yet

another year, despite a decline in both indicators. Its GWP shrank 1.76% to 647.6 million euro while net profit totalled 58 million euro versus 70.6 million euro in 2019. Net profit, backed by a strong brand and diversified product range, was lower than originally planned but in line with the published interim estimate. It was positively influenced by underwriting discipline, increased business volume

### 647.6 mln euro

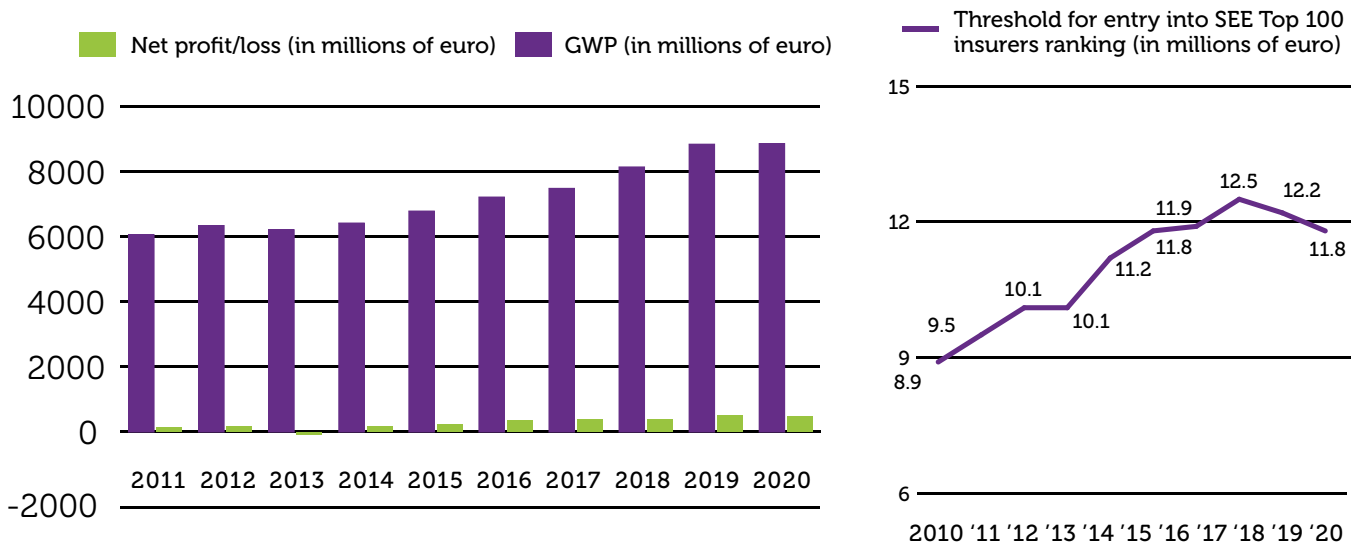
Triglav's GWP in 2020

and prudent cost management, the company has said. The company expanded its market in Slovenia by 0.4 of a percentage point to 36.5% in 2020.

Romania's City Insurance ousted Slovenia's Zavarovalnica Sava from the second spot in the ranking with a GWP of 474 million euro, up 20.66%. City Insurance led the Romanian general insurance market in terms of GWPs in 2020 with a market share of 20.07%. In 2021, however, the country's financial regulator ASF revoked City Insurance's licence and started bankruptcy procedures, as its majority owner, Netherlands-based I3CP Holdings, failed to cover a capital increase within the legally prescribed period. The company turned to a 4.9 million euro net loss in 2020 from a



## Top 100 insurers combined financial results 2010 - 2019



11.9 million euro profit in the previous year. The bankruptcy prompted urgent changes in the country's legislation related to the Policyholders Guarantee Fund (FGA). FGA will be entitled to make payments to affected customers within 60 days from the date of publication in the Official Gazette of a financial regulator's decision to withdraw an insurer's operating licence and begin insolvency procedures. Until now, the fund could start paying customers only after the court had declared an insurer bankrupt. Furthermore, the new legislation raises the maximum guarantee ceiling for an insurance claim to 500,000 lei from 450,000 lei.

Zavarovalnica Sava occupied the third spot in the ranking with GWP of 447 million euro, up 4.27%. In terms of net profit, it ranked second. Its net profit went up 27% to 48.9 million euro, mainly driven by good results in non-life insurance and life insurance in Slovenia, but partly offset by challenging claims experience in international reinsurance markets.

The most dramatic change in the ranking is Slovenia-based Generali Zavarovalnica's leap to the fourth place from the 28th spot a year earlier, thanks to the acquisition of Adriatic Slovenica. Following the deal, Generali Zavarovalnica quadrupled its GWP to 426.1 million euro in 2020 and became the second biggest insurer in Slovenia with a market share of 16.8%.

Croatia Osiguranje, the market leader in Croatia, fell one spot to the fifth place with a GWP of 363.8 million euro, up 0.11%. The company recorded 5.3 million euro damages from insurance contracts caused by the series of earthquakes recorded in the area of Zagreb in March 2020, the strongest of which being of 5.5 magnitude according to Richter's scale.

The top 10 ranking was dominated by companies from Slovenia, Romania and Croatia, the only exception being Serbia's Dunav Osiguranje. The state-controlled Serbian company ranked ninth with a GWP of 253.2 million euro, up 4.45%. Its net profit went up to 27.3 million euro from 25.6 million euro. Dunav Osiguranje saw its share of the total premium income of Serbia's insurance sector rise to 27.0%

at the end of 2020 from 26.4% a year earlier.

Slovenian members of the ranking came first both in terms of GWP and net profit in 2020. Insurers in the country reported a combined GWP of 2.4 billion euro in 2020, equal to 27% of the combined GWP of all 100 members.

Four new entrants made it into the ranking - Grawe Osiguranje Banja Luka, Serbia-based Globos Osiguranje, North Macedonia-based Halk Osiguruvanje and Albania's Intersig Vienna Insurance Group.

### 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 2020.

To allow comparison, all local currencies have been converted into euro, using the central banks' official exchange rates on the last working day of 2020 and 2019, 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.

## We will further strengthen green investments and digital offerings

TOP 100 INSURERS/interview

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.



Elisabeth Stadler,  
Vienna Insurance Group  
CEO

**The performance of the Vienna Insurance Group (VIG) during the pandemic showed strong resilience to unforeseeable events. What were the fundamentals of your strategy and did the pandemic make you revise your strategic goals?**

It's true, we can really say that we have navigated well through this extraordinary situation so far. I have already mentioned this in an earlier interview for SeeNews. It has been shown that people particularly appreciate protection and security in crisis situations. Our business model therefore proves its worth especially in such situations. People appreciate being well protected at such times, which is why we were confronted with almost no cancellations of insurance policies and we registered an increased interest in health insurance. What has also proven successful is that we have been pushing the digital transformation within our group for years. The already extensive range of digital services and products has been a great benefit for us during the pandemic. We have also consciously continued to strengthen digital offerings and will continue to do so. Another factor is our strategic orientation with a high level of diversity. It has been confirmed that our business model, with its broad diversity across countries, brands, distribution channels and products, is proving successful even in difficult times. We therefore did not have to, and do not have to, rethink our strategic goals.

**Extensive digitalisation activities paid off for all market players, VIG included, during the past year. Going forward, how do you plan to develop your digital services?**

As part of our VIG 25 strategic programme, we plan to establish competence teams in the areas of innovation and digital technology within the Group and to encourage the active exchange of Group examples, thereby offering support in implementing initiatives in this area. We also want to use the rise of digital customer platforms as multipliers for us and address insurance needs there and thus also gain new digital customers. These can be car dealers, energy suppliers, com-

munication providers or special online communities or similar platforms, where an insurance need is relevant.

With beesafe, we have also founded our first purely digital insurer in our group with high future potential. It is our answer to a growing, digitally affine customer segment that I find difficult or impossible to reach through the usual contact channels. According to current analyses, this customer segment will reach an attractive size with considerable growth potential in the next few years. The pilot project was established in Poland with motor vehicle insurance, and once a customer base has been built up, it is planned to expand it to include other non-life products. Parallel to the implementation in Poland, other markets are to be jointly identified for the roll-out of the model, which can be based on an already tested digital model and an existing technological platform.

**VIG's financial results so far this year show a return to pre-crisis levels. What are your expectations regarding your premium levels and profit in South-east Europe (SEE) for 2021?**

We do not split and publish expectations of our business developments for different regions. We have defined CEE as core market with 20 countries including SEE markets. We expect that the premium volume remains stable at the level of 2020 of about 10.4 billion euro and profit before taxes to be in the range of 450 to 500 million euro. It is quite clear that due to the economic expectations in the next years, the percentage of CEE participation will grow steadily.

**What are the financial parameters for SEE set in your programme for the next four years?**

We have set the following goals for VIG 25 as a Group and thus for all our markets, both CEE and our special markets. Overall, we are aiming for a premium volume of around 12.3 billion euro by the end of 2025, which corresponds to an annual premium growth of 380 million euro, starting from the base of 10.4 billion euro in 2020. The combined ratio should remain below

95% until 2025. The solvency ratio of the VIG Group is expected in the range of 150% to 200% annually.

**VIG has said it aims to be among the top three actors in each market in SEE, except Slovenia, by 2025. How do you plan to achieve this?**

We are already among the top three in most markets in the SEE region. We are considering both organic growth and possible acquisitions to achieve this goal. Here we will follow our strategy to buy only companies with a profitable outlook and fitting well into our business portfolio. In Croatia and Serbia, we are very optimistic we will reach the top three through organic growth. We currently rank fourth in

## 10.4 bln euro

Expected premium volume of VIG in 2021

We are considering both organic growth and possible acquisitions of companies with a profitable outlook and fitting well into our business portfolio

In Croatia and Serbia, we are very optimistic to reach the top three through organic growth

both countries, we are very well-positioned in the markets and we have very successfully operating companies there. We see also growth potential both economically and in the insurance sector.

**The pandemic has sharpened companies' focus on social responsibility. What environmental, social, and governance-related goals do you target?**

Our business model is fundamentally a sustainable one, as we preserve values, primarily financial values that create security from one generation to the next. However, for us acting sustainably means more than just creating financial security. We see a very big lever for sustainability in the insurance sector in the investment area. We are increasing our investments in the direction of rail, wind and hydropower as well as in green bonds. We have also issued a sustainability bond in the amount of 500 million euro, where we invest in ecological and social projects.

The VIG Group is gradually withdrawing from the coal sector by 2035, thereby supporting the transition to a low-carbon future. We have adjusted our underwriting guideline and have not concluded any new insurance contracts for coal-fired power plants or mines since May 2019. Existing contracts will expire or can only be renewed in those countries where there is no governmental exit strategy from coal energy supply, if a credible exit plan from coal energy can be presented by the policyholder. In relation to the total number of corporate clients, our clients with coal risks account for less than 0.1%. Starting from this very low level, we have reduced coal risks by 74% since 2019 and this trend will continue.

VIG Group has also committed not to invest in any companies that produce or trade in outlawed weapons. These include biological and chemical weapons, cluster munitions including possible launching, firing and dropping systems, anti-personnel mines, nuclear weapons and uranium munitions. This is strictly checked, because even if a company's involvement in the production of or trade in outlawed weapons is not clearly proven, the Group refrains

from investing to be on the safe side.

The VIG Group's own climate goals include making office operations in all of the Group's approximately 50 companies climate-neutral by 2030 at the latest. To this end, each company is called upon to define and implement measures in its own office operations to avoid, reduce or compensate for CO2 emissions.

As part of the VIG 25 strategy programme, we want to develop new offers for inclusion in the product area that also include social and ecological goals.

We have also specified in the VIG 25 strategy that we want to create sustainable value for society, customers and employees. For society, for example, the social aspect includes promoting equal opportunities by supporting disadvantaged population groups. We grant every employee who is committed to a good cause or social institution one working day per year for this purpose, our Social Active Day. In 2019, our Group companies provided over 6,000 working hours for employee social engagement.

On the topic of customers, we have set ourselves a very specific goal. The decreasing solidarity within the population increases the importance for our customers to identify and be able to cover their personal risk and pension needs. We notice a lack of knowledge and understanding of the benefits of insurance in many of our CEE markets. This is linked to a low level of risk and protection awareness. The idea is to play an active role in promoting financial literacy through initiatives to raise awareness and knowledge, build networks and provide individual risk solutions, such as financial literacy training and apps, risk education in schools, employee programmes for companies. To this end, we aim to initiate awareness programmes in three quarters of our CEE markets by 2025.

To ensure that our employees remain appropriately qualified in ESG topics, an annual budget of up to least the average premium of the respective country of residence per employee will be invested in their education and training until 2025.

VIG Group is gradually withdrawing from the coal sector by 2035

VIG Group has committed not to invest in any companies that produce or trade in outlawed weapons



<p>ALBANIA</p> <p><b>SIGMA</b> INTERALBANIAN VIENNA INSURANCE GROUP</p> <p><b>INTERSIG</b> VIENNA INSURANCE GROUP</p>	<p>DENMARK</p> <p><b>VIG</b> VIENNA INSURANCE GROUP</p>	<p>LIECHTENSTEIN</p> <p><b>VIENNA-LIFE</b> VIENNA INSURANCE GROUP</p>	<p>ROMANIA</p> <p><b>OMNIASIG</b> VIENNA INSURANCE GROUP</p> <p><b>Asirom</b> VIENNA INSURANCE GROUP</p> <p><b>BCR ASIGURARI</b> DE VIATA VIENNA INSURANCE GROUP</p>
<p>AUSTRIA</p> <p><b>VIG</b> VIENNA INSURANCE GROUP</p> <p><b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP</p> <p><b>Ionau</b> VIENNA INSURANCE GROUP</p>	<p>ESTONIA</p> <p><b>bta</b> VIENNA INSURANCE GROUP</p> <p><b>COMPENSA</b> VIENNA INSURANCE GROUP</p> <p><b>Seesam</b> VIENNA INSURANCE GROUP</p>	<p>LITHUANIA</p> <p><b>bta</b> VIENNA INSURANCE GROUP</p> <p><b>COMPENSA</b> VIENNA INSURANCE GROUP</p>	<p>SERBIA</p> <p><b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP</p> <p><b>WIENER RE Beograd</b> VIENNA INSURANCE GROUP</p>
<p>BELARUS</p> <p><b>КУПАЛА</b> VIENNA INSURANCE GROUP</p>	<p>FRANCE</p> <p><b>VIG Re</b></p>	<p>MOLDOVA</p> <p><b>DONARIS</b> VIENNA INSURANCE GROUP</p>	<p>SLOVAKIA</p> <p><b>Kooperativa</b> VIENNA INSURANCE GROUP</p> <p><b>KOMUNÁLNA POISTOVŇA</b> VIENNA INSURANCE GROUP</p>
<p>BOSNIA-HERZEGOVINA</p> <p><b>WIENER OSIGURANJE</b> VIENNA INSURANCE GROUP</p> <p><b>vienna osiguranje</b> VIENNA INSURANCE GROUP</p>	<p>GEORGIA</p> <p><b>GPI</b> VIENNA INSURANCE GROUP</p> <p><b>IRAO</b> VIENNA INSURANCE GROUP</p>	<p>MONTENEGRO</p> <p><b>Život</b> <b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP</p>	<p>SLOVENIA</p> <p><b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP</p>
<p>BULGARIA</p> <p><b>BULSTRAD</b> VIENNA INSURANCE GROUP</p> <p><b>Life BULSTRAD</b> VIENNA INSURANCE GROUP</p> <p><b>novains</b> VIENNA INSURANCE GROUP</p> <p><b>DOVERIE</b> PENSION ASSURANCE COMPANY VIENNA INSURANCE GROUP</p>	<p>GERMANY</p> <p><b>InterRisk</b> VIENNA INSURANCE GROUP</p> <p><b>VIG Re</b></p>	<p>NORTH MACEDONIA</p> <p><b>WINNER</b> VIENNA INSURANCE GROUP</p> <p><b>Life WINNER</b> VIENNA INSURANCE GROUP</p> <p><b>МАКЕДОНИЈА ОСИГУРУВАЊЕ</b> VIENNA INSURANCE GROUP</p>	<p>SWEDEN</p> <p><b>VIG</b> VIENNA INSURANCE GROUP</p>
<p>CROATIA</p> <p><b>WIENER OSIGURANJE</b> VIENNA INSURANCE GROUP</p>	<p>HUNGARY</p> <p><b>UNION</b> VIENNA INSURANCE GROUP</p>	<p>NORWAY</p> <p><b>VIG</b> VIENNA INSURANCE GROUP</p>	<p>TURKEY</p> <p><b>RAYSIGORTA</b> VIENNA INSURANCE GROUP</p>
<p>CZECH REPUBLIC</p> <p><b>Kooperativa</b> VIENNA INSURANCE GROUP</p> <p><b>ČPP</b> VIENNA INSURANCE GROUP</p> <p><b>VIG Re</b></p>	<p>ITALY</p> <p><b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP</p>	<p>POLAND</p> <p><b>COMPENSA</b> VIENNA INSURANCE GROUP</p> <p><b>InterRisk</b> VIENNA INSURANCE GROUP</p> <p><b>Vienna Life</b> VIENNA INSURANCE GROUP</p> <p><b>wiener</b> VIENNA INSURANCE GROUP</p>	<p>UKRAINE</p> <p><b>КНЯЖА</b> VIENNA INSURANCE GROUP</p> <p><b>Life КНЯЖА</b> VIENNA INSURANCE GROUP</p> <p><b>УКРАЇНСЬКА СТРАХОВА ГРУПА</b> VIENNA INSURANCE GROUP</p>
<p>LATVIA</p> <p><b>bta</b> VIENNA INSURANCE GROUP</p> <p><b>COMPENSA</b> VIENNA INSURANCE GROUP</p>	<p>KOSOVO</p> <p><b>SIGMA</b> VIENNA INSURANCE GROUP</p>	<td> </td>	

Status: July 2021

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

**VIG**  
VIENNA INSURANCE GROUP  
Protecting what matters.

## We made key step towards leading holding in SEE

Sofia-based Eurohold, listed on the Bulgarian and Warsaw Stock Exchanges, recently completed the acquisition of 7 subsidiaries of Czech energy group CEZ in Bulgaria for 335 million euro. As a result of the transaction, Eurohold, through its wholly owned subsidiary Eastern European Electric Company B. V., acquired a majority stake in CEZ Distribution Bulgaria - the largest distributor of electricity in Bulgaria and CEZ Electro Bulgaria - the largest power supplier in Bulgaria, as well as 100% of the shares of CEZ Trade Bulgaria - the largest electricity trader in Bulgaria. Eurohold, led by its M&A and investment banking arm Euro-Finance AD, financed the acquisition through a combination of a capital increase via a new share issue, a strategic structured investment and a senior syndicated loan subscribed by leading commercial and multilateral development banks.



Photo: Tony Tonchev

**Assen Christov,**  
Chairman of the Supervisory Board of  
Eurohold Bulgaria

### **What benefits and risks could investors expect after the deal with CEZ Group and what will be your top priorities going ahead?**

This transaction has ensured an inflow of over 500 million euro in the Bulgarian economy if we estimate the total value of the deal, including the price of the acquisition, the mandatory tender offer to the

minority shareholders and the investment programme of the acquired companies. The acquisition will generate a lot of potential synergies, optimisations and cross-selling opportunities and it will provide our investors with higher stability and predictability regarding the holding company's earnings and cash flows, as well as opportunities for sustainable growth and good risk-adjusted returns. More importantly,

this step will secure the long-term growth outlook for our holding company even in periods of lower economic growth, making our business model much more resistant to economic shocks and protecting our shareholders from recessions and market fluctuations.

Our group will focus on insurance and energy, aiming to build a leading holding com-

pany in Central, East and Southeast Europe (CESEE) in these two sectors. Eurohold has already proven its capabilities to turn a company into a leader across the region as we have already done it in the insurance market. We have developed a top insurance group, operating across the CESEE markets, which provides insurance services to over 4 million clients. We are well positioned to grow on a market valued at 40 billion euro annually, which still remains largely unpenetrated and has a huge potential for growth.

By integrating CEZ Group's assets, we are adding the largest supplier and distributor of electricity in Bulgaria, serving nearly 3 million customers nationwide, including the most populated southwestern part of the country and the capital Sofia. Additionally, we have retained most of CEZ Bulgaria's management team in order to secure the in-depth expertise that has been gained through the years, while at the same time inviting new members to join the board, each of whom with over 25 years of experience in the sector at leading positions in energy companies operating across Eastern Europe.

The combination of our insurance and energy business will significantly improve

We expect

**2 bln euro**

in revenue,  
200 mln euro  
in EBITDA annually by  
2025

the holding company's model and profile, generating considerable growth of operating cash flows. This year the total assets and revenue of the combined company are expected to exceed 1.5 billion euro, while its EBITDA is forecast to reach around 120 million euro. Eurohold serves to over 7 million customers and employs approximately 6,000 people in 14 countries in CESEE and FSU. Looking ahead, Eurohold expects to generate revenue and EBITDA of almost 2 billion euro and 200 million euro per annum by 2025, respectively. This will make us large enough to list our shares on a larger stock exchange. This is the next big thing in our upcoming timeline.

## We will research the opportunities to offer our shares in London or New York

Following the successful integration of CEZ Group's subsidiaries in Bulgaria, Eurohold aims to improve the current capital expenditure and investment programmes of the acquired companies and focus on network upgrade and maintenance, innovations, technology and digitalisation, renewable energy and energy efficiency as well as customer service and satisfaction. We have secured the required financing for this purpose in partnership with our partners in the banking sector. Our long-term goal is to develop Eastern European Electric Company as one of the leading utility services providers in CESEE. We'll look for opportunities for further development in the energy sector at a regional level and expanding our electricity supply business towards neighbouring countries.

### **To what extent does this deal put the financial stability of the holding company at excessive risk due to the high leveraged nature of the transaction?**

Firstly, the debt proportion in the financing structure was within the range that is quite typical for such acquisitions and none of the parties engaged in the transaction saw any excessive risk in this regard. Moreover, we have raised 24% more own funds than the equity required for the acquisition deal which automatically reduced the proportion of the debt. We have successfully completed more than 30 acquisitions in our 20-year history. Our team, including our M&A and investment arm Euro-Finance, is quite experienced and perfectly well knows how to structure and finance such landmark transactions. Over the years, we have acquired numerous subsidiaries of major international players in the insurance sector and we have built a successful acquisition record, as well as a solid track record of equity and debt capital raises on international capital markets.

Secondly, if you read carefully the major credit rating agencies' reports on our deal with CEZ, you will see they are actually quite positive about Eurohold in the medium to long term due to the predictability and stability of the holding company's earnings and cash flows I mentioned in the

beginning. Furthermore, this deal will over time improve the group's credit profile.

### **How do you plan to develop the other segments in your business and what are your ambitions in the insurance market after a decade of expansion and acquisitions?**

With the objective to focus our future development on two pillars - energy and insurance, we are divesting now our interests in leasing and car sales. We have recently agreed on the sale of our subsidiary N Auto Sofia EAD, the main dealer of Nissan vehicles in Bulgaria and the majority shareholder of Espace Auto, the largest distributor of Renault and Dacia auto brands in Bulgaria. We have initiated other transactions in this segment too.

Regarding the insurance business, we will rely predominantly on organic growth in the next few years and aim at improving our profitability in our current regions of operations. Our international expansion in the insurance sector will be more focused from now on. Euroins is among the top three non-life insurers in Romania and Bulgaria and we will aim to maintain our strong positions, diversifying our product portfolio in non-motor segments such as health, property and others, launching new direct and online distribution channels. We are glad that the EBRD has become our partner and decided to invest 30 million euro in the development of our insurance group, acquiring a minority stake in the company.

We will rely mostly on organic growth in insurance

We will aim to diversify our product portfolio in the health and property segment

# Innovation in insurance sector – getting started with platform approach

By Geraldine O’Keeffe  
Chief Innovation Officer



*COVID-19 has jumpstarted the digital transformation in the insurance sector. Insurance customers are embracing digital touchpoints across the entire customer lifecycle: 71% of US life insurance buyers researched their insurance products online, 74% of UK insurance buyers bought insurance online, 13% of Italian insurance buyers have interacted with their insurer via online chat, and the list goes on (Forrester, The State of Digital Insurance, 2021). Where insurance companies haven’t responded with better digital experiences, a number of insurtechs are prepared to take over. But digital technologies are changing more than just sales and service, and this is starting to affect the entire insurance value chain. Insurers are now facing three key challenges: how to increase customer satisfaction and retention, reduce operational cost and utilise legacy core insurance technology.*

## **Lessons learnt from the banking sector**

As digitalisation of the insurance sector is picking up, there is a great opportunity to learn from the experience of the banking sector. Due to the pressure imposed by fintechs, many banks jumped on the digital transformation bandwagon and deployed siloed digital channel solutions, enabling their customers to access their services online. While this solved some of their challenges in the short term, over time it became evident that for them to deliver their long-term digitalisation strategies, which include cross-channel and omnichannel experiences, a more robust platform approach was necessary. Thus, many banks now focus on digital platforms to unite, and in some cases replace, their legacy channel solutions.

Insurers can learn from this experience and fast-track their transformation plans by leapfrogging directly to a digital platform. Using such platforms, they can still address the ‘quick time to market’ need with

apps and portals that focus on making the customer experience more efficient and enjoyable. Enabling an end-user digital self-service portal will result in lower demand to the back-end office, higher volumes of business activities, lower cost of ownership and, of course, higher NPS score. The same platform can be used to address bigger and more important challenges such as modernising legacy systems and building a foundation for future innovations.

## **Insurance digitalisation in Southeast Europe**

The SEE region is witnessing a new paradigm: On one hand COVID is changing the tectonics of the market and, as a result, customers are getting more and more demanding; on the other hand, new regulations such as the IFRS17 and the non-mandatory bonus-malus arrangements are playing a pivotal role. Another important aspect is the actuarial risk and the actuarial transformation arising from regulatory changes.

All this dictates the way digital solutions are developed and presented to the customer and how data is managed across processes. These factors are considered and embedded in Software Group’s digital insurance platform, which empowers insurers to quickly get up to speed with their digital priorities and easily innovate in the future by extending it with custom solutions that respond to market needs. It connects the customer lifecycle end-to-end, modernising legacy systems and removing silos across policy management, sales, claims, channels, saving insurers development efforts and core system upgrade costs.

Software Group has partnered with several insurance providers in the region, including Generali Insurance AD. Earlier this year, Generali launched its upgraded customer portal My Generali, powered by

Software Group, which enables customers to pay instalments and renew their insurance policies, entirely online. The next phases of the project will see the addition of a mobile app, the purchase of new policies through the online portal, payment via ePay in addition to the card payments, filing and tracking of claims, etc. The project is a part of the digital strategy GENERALI 2021 of the company which enables agents, brokers and the back office with digital tools, utilising the existing legacy systems of the organisation.

## **Benefits of the platform approach**

Over the last 12 years Software Group (SoftwareGroup.com) has been offering a palette of digital solutions to a range of global financial service providers, based on a robust digital platform called DigiWave. A huge asset in this platform is the deployment of reusable building blocks that can be mixed and matched to the needs and requirements of the insurer. It helps insurers get started with ready digital portals and mobile apps to bring the insurance business to the digital playing field within months. The end-to-end, modular nature of the Digital Insurance Platform DigiWave can cover the whole relationship with the customer: from purchase and payments to claims tracking and settlement, renewal, etc., but the benefits don’t stop here. Through the platform, insurers also get reduced OPEX and ownership cost, better back office optimisation and scalability for future operations. Adopting a platform approach and choosing a technology partner who can offer the top expertise is of the essence here.





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# Slovenian energy heavyweights lead SEE companies revenue per capita ranking

By Dragana Petrushevska

Energy companies hold the top three spots in the 2020 ranking of SEE companies by revenue per capita, led by Slovenia's Petrol, which had the highest revenue per capita for the fourteenth consecutive year. The company decreased its revenue per capita to 1,176 euro in 2020 from 1,747 euro in 2019.

Slovenia's GEN-I has the second highest revenue per capita in the region for the sixth year in a row. Its revenue per capita declined to 1,022 euro in 2020 from 1,068 euro in 2019.

Another Slovenian company, Slovenske Elektrane, held the third position, climbing two places from the year before. Its revenue per capita was 891 euro in 2020, up from 844 euro in 2019. Slovenia, an EU member state of some two million and the only eurozone member state in SEE, kept its dominance with 11 entrants in the ranking, as much as a year earlier, even though the majority of its top performers reported falling profits in 2020. Four of the top five companies which made it to the 2020 list are based in Slovenia, while in the top 10, only two companies are not from the country.

North Macedonia's only entrant, the local subsidiary of UK chemicals specialist Johnson Matthey, dropped one position to the fourth place after lowering its revenue per capita to 836 euro in 2020 from 913 euro in 2019. Slovenian pharmaceutical company Krka took the fifth place after standing at the seventh position in 2019. Its revenue per capita came in at 707 euro in 2020, up from 684 euro in 2019.

Among the top 20 companies by revenue per capita, Croatia had four entrants, double compared with a year earlier, while Bulgaria and Serbia had two entrants each. Montenegro had no entries in the ranking after having two representatives in 2019. Romania,

the region's biggest economy and most populated country of 20 million, had no entries in the ranking.

Slovenian investment firm Belektron and Croatian gas company Prvo Plinarsko Društvo entered the list for the first time.

Telekom Slovenije returned to the ranking, occupying the 18th place, after missing out on a place in 2019. Croatia's retailer Konzum Plus secured a position on the list for the first time after 2016.

Analyzed by sectors, power utilities again dominate the ranking as five among the top 20 operate in the en-

ergy sector. The oil and gas sector has four representatives, whereas the pharma and retail sectors each have two representatives.

As much as 11 entrants saw their revenues decline in 2020, compared with seven last year. The average revenue per capita decreased to 535 euro in 2020 from 616 euro in 2019.

Three companies - Slovenia's Petrol, copper producer Aurubis Bulgaria and Serbia's electric utility company JP Elektroprivreda - are also among the SEE TOP 100 ten biggest companies.

## TOP 100 PER CAPITA

in euro

No	SEE TOP 100 No	Company name	Country	Per capita 2020	Per capita 2019
1	9	Petrol d.d.	Slovenia	1175.56	1747.14
2	12	GEN-I d.o.o.	Slovenia	1021.64	1067.89
3	17	Holding Slovenske Elektrane d.o.o.	Slovenia	890.73	843.95
4	19	Johnson Matthey DOOEL	North Macedonia	836.13	913.43
5	24	Krka d.d.	Slovenia	706.64	684.14
6	25	Revoz d.d.	Slovenia	667.22	863.39
7	31	Poslovni Sistem Mercator d.d.	Slovenia	606.19	596.56
8	35	Lek d.d.	Slovenia	582.29	577.36
9	36	Gorenje d.o.o.	Slovenia	580.85	428.14
10	15	INA d.d.	Croatia	466.20	713.95
11	4	Aurubis Bulgaria AD	Bulgaria	398.66	354.90
12	62	Belektron d.o.o.	Slovenia	389.49	500.42
13	8	JP Elektroprivreda Srbije	Serbia	370.19	355.75
14	28	Konzum Plus d.o.o.	Croatia	328.98	252.95
15	78	Impol d.o.o.	Slovenia	324.22	375.57
16	30	Prvo Plinarsko Društvo d.o.o.	Croatia	320.92	234.22
17	33	Hrvatska Elektroprivreda d.d.	Croatia	309.28	347.50
18	93	Telekom Slovenije d.d.	Slovenia	286.97	292.96
19	20	Lukoil Neftochim Burgas AD	Bulgaria	223.51	468.16
20	22	Naftna Industrija Srbije AD	Serbia	216.56	306.80

## 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.

# IBEX, BA Glass Bulgaria most dynamic among SEE TOP 100

By Dragana Petrushevska

Two Bulgarian companies – the Independent Bulgarian Energy Exchange (IBEX) and a unit of Portuguese glass packaging manufacturer BA Group - topped the ranking of the most dynamic companies among the SEE TOP 100 entrants.

IBEX, a wholly-owned subsidiary of the Bulgarian Stock Exchange, saw its revenues jump by an annual 62.72% in 2020, after having reported a fivefold increase in the electricity volume traded on the Day-ahead market compared to January 2016, when it was launched. Over the past five years, the number of registered participants on the Day-ahead market increased to 80 from 17, as the market sets a record traded volume almost every month. In November 2019, Bulgaria, Croatia, Romania and Slovenia were part of the second wave of countries to join the Single Intraday Coupling project, which enabled continuous cross-border trading of electricity in the intraday time frame between 21 countries.

BA Glass Bulgaria, formerly Drujba Glassworks, dropped one place in the ranking compared to 2019 and booked a 58.7% annual rise in revenues, after successfully completing the construction of a new furnace at its factory in Sofia. In June, its parent group BA Glass announced it will invest almost 60 million euro to build a new glass packaging furnace at the plant, aiming to streamline production processes and raise output. The company also plans to install rooftop photovoltaic panels at the plant and hire 100 more at the plant to cope with increased production. The investment is part of the company's strategy announced in 2017 to invest over 200 million euro in its Bulgarian plants, aiming to double their production capacity, boost efficiency, and improve the quality of its products.

Romanian wholesale and retail companies increased their presence in the ranking to five from three in 2019. Dante International, the company that includes eMAG Romania, Fashion Days

Romania and conducts sales for eMAG Bulgaria and eMAG Hungary, a new entry among the most profitable, was also the top retailer in a year during which e-commerce reached record-high levels in Romania. The company achieved a 40.57% annual jump in turnover in 2020, after booking some 120 million euro in Black Friday sales in Romania and another 24 million euro in Bulgaria. Last year, the retailer opened its first showrooms in Bulgaria and Hungary and several others in Romania. At the end of March, eMAG said it plans to invest some 659 million euro in the next three years in regional expansion, technology development, logistics operations and in technology companies, through eMAG Ventures.

The Romanian unit of German discount chain Lidl dropped one place in the chart to the seventh position. The chain reached a network of over 300 stores and announced an ambitious 200 million euro investment plan for 2021. Hard-discount retailer Profi Rom Food dropped one place to the tenth position in 2020. It continues to have the biggest geographical coverage in Romania, with over 1,500 stores in 681 localities. Do-it-yourself retailer Dedeman, a fresh entry, opened sev-

eral new units during 2020 and IT&C and electronics retailer Altex invested over 30.3 million euro to expand and modernize its store network and logistics centres in 2020.

Natural gas importer, wholesale and retail supplier and distribution system operator Prvo Plinarsko Drustvo is the only Croatian company and the only company active in the petroleum and natural gas sector in the ranking.

The most dynamic Slovenian company in 2020 was white goods manufacturer Gorenje, owned by China's Hisense Group. The company booked a 36.46% increase in revenues despite several weeks of production halt due to Covid-19.

Serbia Zijin Copper ranked six among the most dynamic companies in SEE, after its parent group, China's Zijin Mining Group, started implementing a 200 million euro investment programme at the mining and smelting complex in 2020.

## MOST DYNAMIC COMPANIES

No	SEE TOP 100 No	Company name	Country	Industry	Y/Y Change in revenue 2020
1	75	Independent Bulgarian Energy Exchange EAD	Bulgaria	Electricity	62.72%
2	49	BA Glass Bulgaria EAD	Bulgaria	Glass Products	58.70%
3	26	Dante International SA	Romania	Wholesale/Retail	40.57%
4	30	Prvo Plinarsko Drustvo d.o.o.	Croatia	Petroleum/Natural Gas	38.06%
5	36	Gorenje d.o.o.	Slovenia	Electronics	36.46%
6	85	Serbia Zijin Copper DOO	Serbia	Metals	32.92%
7	5	Lidl Discount SRL	Romania	Wholesale/Retail	31.64%
8	11	Dedeman SRL	Romania	Wholesale/Retail	26.76%
9	42	Altex Romania SRL	Romania	Wholesale/Retail	25.49%
10	14	Profi Rom Food SRL	Romania	Wholesale/Retail	23.06%

## METHODOLOGY

Most dynamic companies is a ranking of the top 10 companies with the highest change in revenue in SEE TOP 100. Change in revenue is calculated as a year-on-year change of total revenue, calculated in local currencies. In order to ensure fair comparison, companies established after 2018 are omitted.



# Pharma keeps lead in most profitable industries ranking

By Radomir Ralev

The pharmaceutical sector in South-east Europe, represented by three companies in the SEE TOP 100 ranking, was among the few that fared well amid the Covid-19 pandemic. It kept its comfortable lead of the ranking, increasing its return on revenue to 15.42% from 15.25% in 2019.

The top performer among the drug makers, Slovenia's Krka, ranked fifth in terms of profit in the region. The company ranked 26th in the SEE TOP 100 ranking revenue, gaining five spots, as it maintained business operations and supplies of medicines uninterrupted.

The glass products industry had only one representative in the SEE TOP 100 ranking, BA Glass Bulgaria, but it took the second place with a 6.95% return on revenue. The company, which was acquired by Portugal's BA Vidro from Greek glassmaker Yioula in 2017, gained 49 spots to the 48th place in the SEE TOP 100 ranking. Earlier in 2021, BA Glass Group said it will invest almost 60 million euro in upgrading its plant in Sofia to build a new glass packaging furnace at the plant, streamline production processes and raise output. The investment is part of the company's strategy announced in 2017 to invest over 200 million euro in its Bulgarian plants, aiming to double their production capacity, boost efficiency, and improve the quality of its products.

The rubber and rubber product makers in Southeast Europe again took

the third position, recording a 6.20% year-on-year rise in return on revenue to 1.482 billion euro and a lower net profit of 91.9 million euro versus 100.5 million euro in the previous year. This year, the rubber industry had two representatives, both tyre makers - Serbia's Tigar Tyres and Michelin Romania, which dropped in the ranking due to a decline in revenues.

The telecommunications and electricity industries ousted the chemicals and food industries from the fourth and fifth spot of the ranking, respectively. Both telecommunications and electricity sectors recorded rises in return on revenue and net profit. The telecommunications sector entered the top ten in terms of return on revenue and had seven entrants in the SEE TOP 100 ranking this year, as Vodafone Romania and Telekom Romania Telecommunications saw a double-digit increase in their revenue.

The electricity industry had seven representatives. As much as three electricity companies joined the SEE TOP 100 ranking this year, with the Independent Bulgarian Energy Exchange occupying the 75th spot following an impressive 62.7% jump in revenue. The other two entrants were Romania's Enel Energie and Enel Energie Muntenia.

The chemicals industry dropped out of the top five in the industrial ranking, losing two positions to the sixth place. The sector's only representative in the

top 100 ranking, North Macedonia's Johnson Matthey, saw its revenue return edge down to 3.93% from 4.05% in 2019.

The return on revenue of the food sector went down to 2.62% and the industry fell to the ninth spot in the ranking.

The wholesale and retail industry dominated the Top 100 SEE 2020 ranking, as the number of its representatives rose to 26 from 25, thanks to the entry of Croatia's Plodine. The combined revenue of the wholesale and retail firms grew 10.83% in 2020.

	Return on Revenue 2020
Pharmaceuticals	15.42%
Glass Products	6.95%
Rubber/Rubber Products	6.20%
Telecommunications	4.96%
Electricity	4.47%
Chemicals	3.93%
Metals	3.33%
Wholesale/Retail	3.12%
Food/Drinks/Tobacco	2.62%
Construction	1.92%
Automobiles	1.47%
Financial Services	1.16%
Petroleum/Natural Gas	1.08%
Agriculture	0.90%
Electronics	0.38%
Transportation	-3.00%

## 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 2019 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.





Our Environmental, Social and Governance (ESG) targets for 2025 and beyond underscore our enduring commitment to sustainability and value creation for all.



### DE-CARBONIZATION AND DIGITALIZATION

We will transform our business, focusing on resilience, innovation and on building solutions to serve our customers more efficiently as we move towards a carbon-neutral, digital world



### GROWTH-ENABLING WORK ENVIRONMENT

We will cultivate an inclusive culture with equal opportunities for all our people to grow professionally within a safe and healthy work environment



### POSITIVE LOCAL IMPACT

We will enable our business operations and our people worldwide to contribute to the prosperity of our local communities with respect to their social and environmental concerns



### RESPONSIBLE SOURCING

We will empower our business ecosystems to incorporate sustainability considerations in their business decisions and daily behaviors, while using natural resources responsibly

### WE ADDRESS MATERIAL ISSUES:

Future ready business model in a carbon neutral world

Innovation with emphasis on digitalization and de-carbonization

Safe and healthy working environment

Diverse and inclusive workplace

Continuous development of our people

Environmental positive impact

Social positive impact  
Economic positive impact

Resource efficiency, recycling and recovery, contributing to circular economy

Reliable and sustainable supply chain

### WE CONTRIBUTE TO THE SDGS:





**Adamantios Frantzis,**  
Titan Zlatna Panega,  
CEO

## TITAN Zlatna Panega to invest in reducing power consumption, CO<sub>2</sub> footprint

*The TITAN Cement Group delivered strong results in 2020 despite the uncertainty caused by the Covid-19 pandemic, with revenue at par with the previous year and EBITDA going up. How did the Bulgarian unit of the group perform and how did you offset the negative effect of the crisis?*

For TITAN Bulgaria, 2020 was another year of stable financial performance and progress on environmental, social and governance issues. Despite the impact of the COVID-19 crisis, we had solid performance in 2020. Our EBITDA reached 8.7 million euro in 2020. The Group optimised production between its plants and supplied about 100,000 tonnes of cement from its Thessaloniki plant to its customers in Bulgaria. The cumulative EBITDA generated for the TITAN Group from the Bulgarian operations was 15% higher compared to 2019. Due to the annual profit and the optimisation of working capital, our net debt decreased by 2.5 million euro, and we closed the year at cash surplus position.

The results were positively influenced by the low energy prices, which prevailed for most of 2020, on the one hand, and on the other, by the efforts of the management team to reduce costs and working capital.

TITAN Bulgaria continued to implement the highest possible health and safety standards throughout 2020 and we had zero accidents during the year. Despite the COVID-19 challenges, we did not interrupt our operations even for a single day, as the prevention and protection of our direct employees, contractors and third parties continued to be a priority for us.

Our plant in Zlatna Panega was chosen by the TITAN Group for a pilot project for predictive maintenance utilizing a Machine Learning (ML) application. In 2020, significant cost avoidance was achieved thanks to a more targeted predictive maintenance and equipment damage elimination. Following the successful implementation of this innovative and state of the art application, TITAN Group rolled out similar projects in five more plants.

**Construction output in Bulgaria has been recovering since the beginning of the year as investor confidence has returned. What are your expectations regarding your financial performance this year?**

In 2020, cement consumption in Bulgaria decreased by approximately 2.5%, compared to 2019, thus putting an end to an increase that the market had experienced for three years in a row. The sector came to a standstill for the better part of the second quarter of the year. Specific segments like tourist and commercial buildings were hit particularly hard and did not recover until the end of the year and large infrastructure projects kicked off quite late in the year. Nevertheless, we still have a strong market with demand being 14% higher than the 2017-2018 levels.

The Bulgarian market seems to recover at a slower pace than the markets in other countries in Southeast Europe. Specific sectors of the construction market, which thrived before the COVID-19 crisis, such as office and touristic buildings, are still in a crisis. At the same time, the extended election period has postponed construction recovery. Yet, we are witnessing encouraging signs from the EU, and more specifically, the 11 billion euro recovery fund allocated to Bulgaria for 2021-2027.

**Where do you see highest risks and how do you plan to counterbalance them?**

We see an escalation of energy prices and CO<sub>2</sub> allowance prices, which will negatively impact the industry. It may deteriorate the financial results in 2021 but has strengthened our determination to expedite projects aimed at reducing electricity consumption and CO<sub>2</sub> emissions, as well as increasing the usage of renewables.

In 2020, we completed several projects that would help us advance in our energy efficiency efforts and decrease CO<sub>2</sub> emissions. These projects aim at improving our raw mix and our ability to process and use alternative fuels. In 2020, we progressed in CO<sub>2</sub> reduction, attaining a decrease in spe-



cific net CO<sub>2</sub> emissions by 4% year-on-year. We reached the highest-ever share of waste in our fuel mix – 33% alternative fuels, 31% of which was carbon-neutral biomass.

TITAN Bulgaria, through its subsidiary GAEA, plays an active role in the local circular economy. The plant has utilised 101,000 tonnes of waste, thus replacing a similar quantity of natural fuels and raw materials. All of the waste is generated in Bulgaria.

**TITAN Zlatna Panega's investments exceeded 130 million euro in the 2004-2020 period. What is the volume of your planned investments in 2021 and 2022 and what are the main areas to which they will be directed?**

Our investment will continue to be focused on achieving progress on environmental, social and governance issues. TITAN Zlatna Panega has an investment programme which will exceed 10 million euro for 2021 and 2022. The investment activities aim at reducing electrical consumption and CO<sub>2</sub> emissions and increasing the use of alternative raw materials and fuels.

**TITAN Cement Group targets 35% reduction in CO<sub>2</sub> for 2030 compared to 1990 levels, Scope 1 emissions down to 500kg/t cementitious products and delivering carbon-neutral concrete by 2050. How does TITAN Zlatna Panega plan to contribute to achieving this aim?**

TITAN Zlatna Panega's long-term investment plan will reduce emissions in line with the targets of the TITAN Group. However, the efficiency of our plans will depend significantly on the effectiveness of the legislative efforts of the European Union to establish a level playing field for the industrial sectors that are at risk of carbon leakage.

The cement industry in Europe has a significant cost to comply with the high standards of environmental legislation applicable in the EU, the cost of CO<sub>2</sub> emission being the most important of the relevant costs. At the same time,

the Bulgarian industry faces significant competition from countries with no CO<sub>2</sub> costs, which creates difficulties in introducing low carbon products into the market.

**You have programmes that stimulate youth employment. What are your observations of the labour market in Bulgaria and young people in particular?**

The high unemployment rate in the region, where we operate, leads to its depopulation. As a result, it becomes difficult to hire employees for operational positions. Our near future response is to develop further our relationship with professional schools in the region and explore new locations for potential employees. We will continue to support young people in their professional development, and contribute to the local community where most of our interns come from.

We have various initiatives, for instance, for welcoming interns, mentoring them, and helping them enter the labour market. Our internship programme prepares young people in their third or fourth year at the university, studying silicate technologies, electrical engineering, machine building and technologies, civil engineering, finance etc. To stimulate interest in our internship programme, we offer a labour contract to the interns and a prolonged internship period. Also, for several years now, TITAN Bulgaria participates in the Summer Academy for Leaders in the town of Gabrovo.

Our cement plant and quarries are located in one of the poorest rural areas in the European Union. The rate of children dropping out of elementary school is high. Many of the kids work to earn money to support their parents or young families. Lack of enough teachers for the local community and lack of sufficient kids' motivation were two of the challenges that we tried to address when we started working on a project with the Teach for All Bulgaria foundation.

Some of the goals of that project are to encourage children to stay at school, improve their functional literacy, give them further education,

and build basic career starting skills. We try to teach the kids from disadvantaged families in the region that quality education is an opportunity. For nine consecutive years, TITAN Bulgaria, together with Teach for All Bulgaria Foundation has helped over 700 schoolchildren from families with challenging socio-economic status in five elementary schools in the region. As a result of our project, school attendance and functional reading literacy of the children were improved. The rate of kids leaving school before completing primary or elementary education has dropped. Some children not only managed to complete grade seven but also enrolled in high school in nearby cities.

Sustainability of communities in proximity to our operations will continue to be the focus of our community engagement plans. To support the local community's educational, health and social improvement as well as the infrastructure in the region, TITAN Bulgaria invested in different projects and initiatives by donating in cash and in kind, by hiring interns from the local community, and by providing scholarships for students from the region. More than 65% of our investment was directed to education and schools in the area of our operations. Our donations in kind supported the infrastructural needs of the region – construction and reconstruction of streets, cultural monuments, and buildings.

**TITAN Cement Group targets 35% reduction in CO<sub>2</sub> for 2030 compared to 1990 levels**

# We will continue to invest in our brand, network expansion



Ivan Chernev,  
CEO of Kaufland Bulgaria

Kaufland is part of Schwarz group, one of the leading retailers in Europe. In 2021, Kaufland celebrates 15 years of presence in Bulgaria. It operates 60 stores in 34 cities where nearly 6 million people do their shopping every month. With a team of over 6,000 employees Kaufland is among the biggest employers in the country. The company's investments in Bulgaria so far exceed 1.6 billion levs.

**Kaufland Bulgaria retains its position as the country's top retailer in terms of turnover in this year's edition of SEE TOP 100. What are your expectations regarding your financial performance in 2021 and market share and what are the main factors that will impact them?**

It's too early for a forecast, as we need to take into consideration how the whole economy will react to the ongoing pandemic. Overall, my expectations are for a rather volatile year, but still I believe that our company will remain stable. We are flexible and we can react to even the most challenging situations. In the retail sector, we have a stable base and coping mechanisms.

**What is the volume of your planned investments in 2021 and 2022 and what are the key areas to which they will be allocated?**

We will continue to actively invest in the overall development of the Kaufland brand as one synonymous with quality and innovation on the retail market. Significant investments are planned in our active expansion process which is underway. We plan to expand our retail network in Sofia, Varna, Plovdiv and other cities. We will continue to invest in the modernisation of our hypermarkets, as well. We remain focused on the range of products we offer - Bulgarian products, with an even stronger emphasis on quality, as well as non-standard, innovative and niche products. We will further invest in our team and its development. Our people have the key role in the overall performance of our company and the results we achieve.

**Corporate and social responsibility and environment protection have been playing an increasing role in your business over the past years. In what areas are you focusing your efforts?**

Kaufland Bulgaria's net contribution to Bulgarian society is positive and amounts to more than 1 billion levs.\* Our sustainable development policy is part of our business strategy. We consider our activities comprehensively with attention not only to the economic added value creation, but also with a view to our impact on nature and social environment. Under the motto, *Our actions do the talking*, we work in three key areas. They are related to the nature of our business and its impact and therefore we focus our efforts there. In the Homeland area, we are actively developing partnerships with Bulgarian producers, developing our donation policy, as well as corporate volunteering. In the Nutrition area, we focus on active lifestyles and sustainable consumption. In Nature, we are strongly focused on energy efficiency, e-mobility,

green logistics, as well as on limiting single-use plastics.

**What are the main trends on the Bulgarian market and how are they affecting your operations?**

Bulgarian consumers are becoming more and more demanding in terms of product range. They are looking for more than quality and freshness. They insist on super quality and super fresh goods. They expect to be surprised by new products and innovations not only regarding food, but non-food products, as well. At Kaufland, we strive not only to meet market demand but to act pro-actively. That is how we manage to meet customer expectations regarding product range development, communication, product display in our stores, and product and service innovations. At the same time, we manage to fully meet expectations in terms of prices, as the Bulgarian market and customers remain price sensitive. At Kaufland, price and quality always go hand in hand. They are part of our brand promise and we never compromise here.

We plan to expand our network in Sofia, Varna and Plovdiv

\* According to © denkstatt Bulgaria Net Impact assessment report of Kaufland Bulgaria. The document is based on data on the company's activities in 2019.

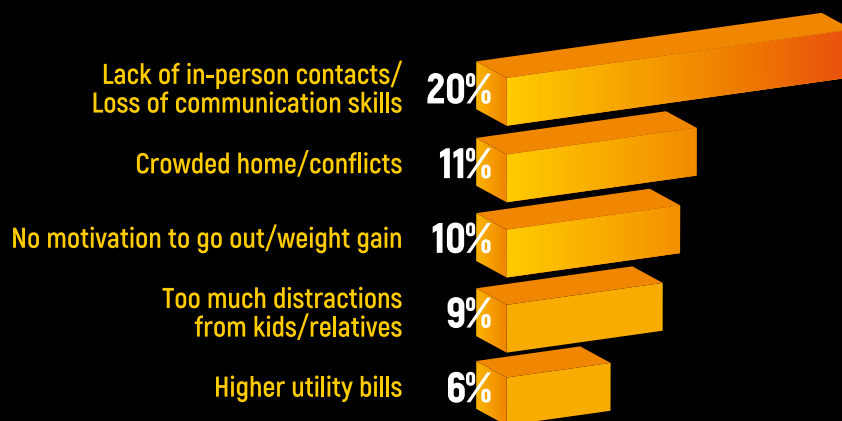




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Florinel Chis,  
ARMO executive director

By Nicoleta Banila

**Romania was among the EU member states with the largest annual increase in the value of online commerce in the last five years, according to Eurostat data. What are the reasons for this development and what is the estimated size of the the country's online commerce market in 2021?**

Online commerce has developed rapidly in recent years in Romania, both due to investments made by retailers in infrastructure and in simplifying the shopping experience, and due to the fact that people started to value personal time more and more and are looking for ways to use it most effectively. The factors that support the growing use of this sales channel are the simplification of online payment processes and the development of new shopping financing options, such as instantly approved online loans, quick access to a wide range of products, flexible options and speedy delivery, along with a simple return process.

Economic growth through the first six months of this year, as shown by National Institute of Statistics data, too was reflected in the digital shopping cart.

Moreover, last year, in the context of restrictions imposed by the authorities to prevent the spread of Covid-19,

## Simpler online payment processes, new financing options giving boost to e-commerce

*The Romanian Association of Online Stores, ARMO, contributes to the development of e-commerce in Romania, supports online stores and aims to elaborate a code of good practices for online stores. The association has 52 members, such as eMAG, Vivre, elefant.ro, Animax, Bonami, F64, FashionUP, evoMag and Romstal.*

the number of users who made online purchases and paid by card increased, as this allowed them to avoid crowded areas. During the period when non-essential stores were closed, many Romanians bought online for the first time, and it is very likely that online sales will become a lasting habit for them.

Thus, last year online commerce registered an increase of over 30% compared to 2019, reaching a value of approximately 5.6 billion euro. Romania became the country with the highest growth of e-commerce in Europe. We expect this growth trend to continue and we estimate that total turnover in the sector will exceed 6.5 billion euro by the end of the year.

**Is Romanians' reluctance to make online payments preventing the local ecommerce segment from reaching its full potential?**

The acceleration of ecommerce development in the last two years has led, implicitly, to a higher penetration of card payments. Of course, there is sufficient room for growth, but we can say that we have reached a good level of use, of almost 40% on average annually and over 50% during Black Friday and holidays.

Customers turn to online shopping if they can find what they want - solu-

tions and products tailored to their needs and desires, and Romanians have become quite aware of the benefits of card payments. Payments by card offer more flexibility, as well as security and traceability, and in case of a return, the money reaches the customer back even without contact with a courier.

However, Romanians still want to make cash payments, although in many other countries this option practically does not exist. Cash payment delays certain flows, parcel couriers often have delays because, although they choose cash payment, some customers do not have the money ready and have to go to the ATM.

**Do you think that online stores in Romania and courier services are ready to cope with a massive increase in orders in the coming years?**

Any store or business owner wants to take their business to the next level, and this involves investing in developing better services, expanding their customer base, team and infrastructure. In 2020, there were many companies that had an offline business and decided to turn to omnichannel and, although there were many logistical challenges, they found solutions to ensure business continuity.

Last year also put pressure on courier companies, which had much larger

volumes than they were used to, but employees in the industry did all they could to deliver quickly and safely.

Both retailers and courier companies have adapted and found solutions to cope with this increased volume and to serve customers at a time when their services were almost indispensable. During this test period, customers understood that they can rely on the services of online retailers, and this is the main reason why I expect to see a favourable development of this segment in the coming years.

### Do you see an international online retailer such as Amazon or other European similar companies entering the local market in the next five years?

The e-commerce sector in Romania is still developing and is attractive for retailers in other countries, especially in the context in which we have economic growth and a growing number of customers who choose to buy on-

line. Local players have developed this sector a lot, offering customers options and services that international retailers do not have.

### What are the specifics of online commerce in Southeast Europe (SEE)?

A 2020 RetailX report showed that 70% of all e-commerce in Europe is concentrated in Western Europe. In the West, income and purchasing power are higher, and people buy online a lot, including food. This is possible because, unlike SEE countries, the West is better developed in terms of road infrastructure, and products, including perishable, get quickly from warehouses to customers.

Unlike SEE, in the West there is a higher frequency of online shopping, more people choose this channel, and the value of purchased products is higher. For example, in the UK where this channel is very well developed, the value of the sector is estimated

at 200 billion euro, but we must also take into account the fact that this country has a high economic level and we relate to a population that is three times bigger.

Another difference is that in the West the preferred method of payment is by card, and in the East, people still prefer to use cash.

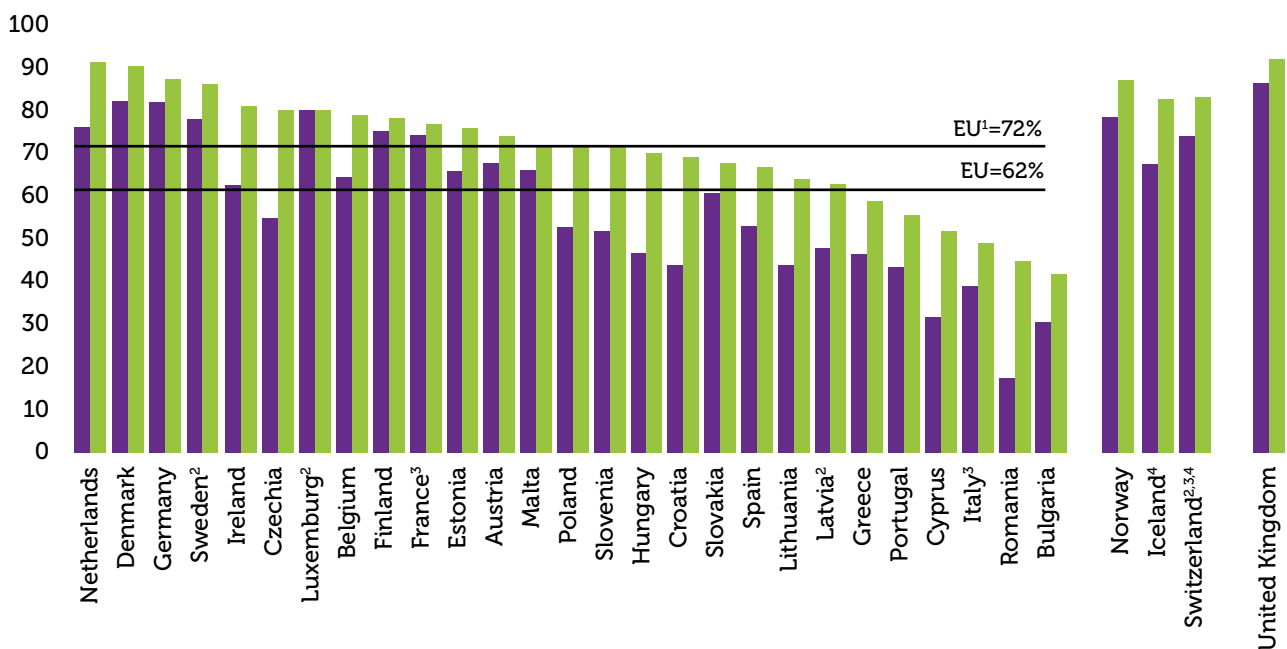
However, in SEE countries, such as Romania or Bulgaria, this segment has grown steadily in recent years. There is great potential for development here, and the gaps are likely to narrow soon.

## 6.5 bln euro

The expected value of Romania's online commerce market in 2021

Over the last five years, the largest increases in online shopping among internet users were recorded in Romania (+27 percentage points (pp)), Czechia and Croatia (both +25 pp) as well as Hungary (+23 pp).

### Internet users who bought or ordered goods or services for private use (% of people who used internet in previous 12 months)



2015 2020

Source: Eurostat

<sup>1</sup> estimate

<sup>2</sup> break in the time series

<sup>3</sup> 2019 instead of 2020

<sup>4</sup> 2014 instead of 2015

## We are looking to further grow in management consulting and solutions, expand outside SEE



Marko Marković,  
Partner in consulting  
company Egzakta Advisory

**Egzakta offers a wide range of services ranging from go-to-market strategies to IT and digital transformation consulting. What are the most common problems you must solve?**

Egzakta is designed as a high-quality management consulting company with a wide range of expertise and services for its clients from different industries. The market has recognised management consulting as a power-

ful partner for future stabilisation and growth. Southeast Europe has been developing in the area of consulting for years now. The market has reached the maturity level required to acknowledge the benefits of consulting. In the last couple of years, we have been working on various assignments from procurement and product cost to go-to-market and growth strategies. However, more or less all our projects are either related to, or they comprise, IT and digital components. Furthermore, clients buying consult-

ing are no longer satisfied with recommendations and roadmaps, or advice on how things should be done. There is a clear demand for consulting to go along with solutions and implementation. If we, for example, work on process improvement, the task is not completed with the design of a map of the proposed process. We need to go further in setting up those processes, designing and implementing software solutions for digital (internal and/or end-user), and piloting or full implementation for the client.



## Do you see a change in your clients' needs following the Covid pandemic?

The fact is that the pandemic changed everything both in our private life and business. Our clients' focus moved to organisation, digital and process efficiency, and IT systems connected to the new reality of working from home, social distancing, and lockdowns across Europe. Every business that wanted to survive had to fully change towards a new way of work and that was their main issue we were trying to solve. We had several IT and digital projects followed by process improvements and change and implementing digital business models. On the other hand, many of our clients used this opportunity to optimise their organisation and improve efficiency. The future perspective and opportunity assessment were also very much present and even though we believed that we would not work too much on strategy with our clients, we had many strategy projects in 2021.

**Egzakta has two lines of business – financial advisory services and management consulting. In what direction do you see the company's business evolving in the future and where will your focus lie?**

There is clear demand for consulting to go along with solutions and implementation

We started with financial advisory years back and we are keeping this line of business in response to the needs of our clients. But we see further growth in management consulting and solutions as our clear path in the future. Our growth has shown us that we are on the right track. We are the fastest growing management consulting company in the region. Our portfolio of projects and clients and our compact team allow us to compete against global big players on the market. Along with the methodologies and practices

of big names, we are bringing the local flavour and local knowledge that has proven to be the best combination for our clients. We do not pretend to be as big as our global competitors playing in the SEE market, but in our region we can for sure offer as much as they do, and even more. Specialising in management consulting related also to IT and digital, we are fully capable to offer a wide range of services that are generating our steady growth. Building our team was the name of the game in the last couple of years. Now, we see our investment bring us triple-digit growth in the last three years. SEE being our playground, we plan to expand into new markets, looking in the CEE neighborhoods but also in the Middle East, Russia, China, and other emerging markets. The steady base we must build is allows us to grow also outside SEE.

**Supply chains have been heavily disrupted due to the Covid 19 pandemic. How do you see the effect of this on Southeast European economies?**

Many indicators are showing that the prices for transport have been growing significantly in the last year, by x2 or even x3 multipliers. We are also witnessing a sharp increase in prices of raw materials such as aluminum or copper, as well as iron, wood, and wooden products. These changes are also affecting prices in construction and other sectors. This change can no longer be considered as minor but rather as tectonic, especially for small economies like the ones in Southeast Europe. This is the price we are all paying for globalisation, shifting production to the east, and overall neglect of our local economies. The answer to what needs to be done is localisation of the economy. Most of these products that are now hard to import, transport, or pay were at some point produced either in our country or our region. Local, smaller players with the right access to financing can fully take over the place of the large players on local markets. Competitiveness is no longer an issue since the disruptions in supply chains have increased prices and produced major shortages of certain products and materials on the market. The digi-

talisation and the startup community can be one of the pillars of the local growth but governments in Southeast Europe will have to recognise this opportunity fast and switch the logic from globalisation FDI and foreign investor support to support for local companies, startups, and investment into regional cooperation.

**The M&A scene in Southeast Europe has been very active in the past year. How do you support market players in this process?**

Before the Covid 19 pandemic large private equity funds and major M&A players were not so active globally. When the crisis related to the pandemic started, activity in this field intensified significantly. The same story happened in Southeast Europe. This was to be expected since the funds had lots of capital to invest but the prices on the market were relatively high, so everybody waited for better opportunities. Every crisis is the same. Some companies are struggling but some are able to expand, grow and use the opportunity to rise on the market. M&A in this pandemic, as well as further on in the post-pandemic era, is going to be the main lever for bringing the economy back on track. Most collapsed companies are going to change their owner.

Egzakta supports many mergers from the beginning and commercial due diligence projects up to post-merger integration projects. Again, our main playground is SEE and most of our clients are either global players or local players expanding their business through M&A in the region.

We are looking to expand in CEE, Middle East, Russia, China, and other emerging markets



# Unfair trading practices in the agricultural and food supply chain – the Bulgarian and CEE perspective

by Antonia Kehayova  
Senior Associate,  
CMS Sofia Lawyers Partnership,  
antonia.kehayova@cmslegal.bg

On 17 April 2019, the EU Parliament and the Council adopted the Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain (UTP Directive) with Member States required to transpose the provisions of the UTP Directive into national law and publish them officially by May 1, 2021. The changes should enter into force by November 1, 2021 at the latest.

The parties to supply agreements of agricultural and food products concluded before the date of publication of national provisions above shall be obliged to align their agreements to the UTP Directive within 12 months after the date of publication of the measures in the respective Member State. The new national UTP measures shall apply to all supply agreements (subject of the UTP Directive) concluded after the publication and entry into force of the national laws.

The ambitious task of the UTP Directive to harmonize the regulation of competition in the supply chain of agricultural and food products proved difficult for many Member States, and has posed many challenges to the food sector to reorganize the contractual relationship between suppliers and buyers according to the UTP Directive.

## UTP Directive main goals

The UTP Directive aims to establish a European Union minimum standard for the protection of farmers and small and medium-sized businesses by harmonizing the divergent measures in all Mem-

ber States relating to unfair commercial practices in the supply chain of agricultural and food products.

In this regard, the goal at EU level is to provide protection of the suppliers with a turnover of up to 350 million euro with differentiated levels of coverage provided below that threshold. The measures cover not only farmers, but also producer organisations and distributors below the threshold, EU suppliers and buyers and such located in non-EU countries, if one of the parties is located within the EU.

## UTPs under the Directive

The UTP Directive does not contain a classical definition of unfair trading practices. It provides for a minimum number of UTPs, which shall be in any case banned by the Member States aiming to strengthen supplier's position in the food supply chain. A total of 16 UTPs as a minimum are prohibited and are divided into two groups depending on their legal nature as compulsory banned or admissible.

Compulsory banned unfair trading practices are the following:

1. Payments later than 30 days after the end of an agreed delivery period/after the date of delivery for perishable agricultural and food products;
2. Payment later than 60 days after the end of an agreed delivery period/after the date of delivery for other agricultural and food products;
3. Cancellations of perishable agricultural and food products orders at short-notice that a supplier cannot rea-

sonably be expected to find an alternative means of commercializing or using those products (less than 30 days);

4. Unilateral changes in the terms of the supply agreement by the buyer (e.g. the frequency, method, place, timing or volume of the supply or delivery, quality standards, terms of payment);

5. Payments required by the buyer not related to the sale of the agricultural and food products of the supplier;

6. Payment by the supplier for loss and/or deterioration of products in the buyer's premises or after ownership has been transferred to the buyer, without negligence or fault of the supplier;

7. Refusal of a written confirmation of the supply agreement's terms by the buyer, despite request of the supplier (with some exclusions);

8. Unlawful acquisition, use or disclosure of trade secrets of the supplier by the buyer;

9. The buyer threatens to carry out, or carries out, acts of reverse commercial retaliation against the supplier if the supplier exercises its contractual or legal rights;

10. The buyer requires compensation from the supplier for the cost of examining customer complaints relating to the sale of the supplier's products despite the absence of supplier's negligence or fault.

Banned unfair trading practices, which, if agreed beforehand in a clear and unambiguous manner, are admissible:

1. Return of unsold agricultural and food products to the supplier without paying for those unsold products or without paying for the disposal of those

Art. 1 of the UTP Directive: This Directive applies to certain unfair trading practices which occur in relation to sales of agricultural and food products by:

(a) suppliers which have an annual turnover not exceeding 2,000,000 euro to buyers which have an annual turnover of more than 2,000,000 euro;  
 (b) suppliers which have an annual turnover of more than 2,000,000 euro and not exceeding 10,000,000 euro to buyers which have an annual turnover of more than 10,000,000 euro;  
 (c) suppliers which have an annual turnover of more than 10,000,000 euro and not exceeding 50,000,000 euro to buyers which have an annual turnover of more than 50,000,000 euro;  
 (d) suppliers which have an annual turnover of more than 50,000,000 euro and not exceeding 150,000,000 euro to buyers which have an annual turnover of more than 150,000,000 euro;  
 (e) suppliers which have an annual turnover of more than 150,000,000 euro and not exceeding 350,000,000 euro to buyers which have an annual turnover of more than 350,000,000 euro.



products, or both;

2. The supplier is charged payment as a condition for stocking, displaying and listing its agricultural and food products, or of making such products available on the market;
3. The buyer requires the supplier to bear all or part of the cost for selling its products as part of a promotion;
4. The buyer requires the supplier to pay for advertising by the buyer of agricultural and food products;
5. The buyer requires the supplier to pay for staff for fitting-out premises used for the sale of the supplier's products.

According to a survey of the European Commission, conducted up to 31 January 2021 among suppliers covered by the UTP Directive at different stages of the agricultural and food supply, in all Member States before entry into force of the internal law implementing the UTP Directive, most suppliers were not aware of existing UTPs in their relations with the buyers. The survey showed that the wholesale buyers and the retailers, followed by the primary processing companies, were more prone to face UTPs. Most of the participants in the survey responded that for the last three years they experienced UTPs in less than 20 % of their usual transactions. However, 8% of the participants experienced UTPs concerning payments later than 30 days for perishable agricultural and food products in more than 80% of their usual transactions, and between 5-6% of the participants experienced refusal by the buyer to provide written confirmation of a supply agreement or other UTPs in more than 80% of their usual transactions. Important conclusion of the Commission's preliminary survey was that most of the participants

did not raise the issue of UTPs before an enforcement authority because they were not sure what the right authority was and out of fear of some form of retaliation from the buyer.

Considering this, the UTP Directive sets out an obligation for each EU Member State to designate an enforcement authority at national level and to report this authority to the Commission.

## UTPs – the Bulgarian perspective

The UTP Directive was implemented in the Bulgarian national law by way of an amendment in the existing Protection of Competition Act, published in February 2021. The national measures will enter into force on November 1, 2021 and, besides the UTPs in the UTP Directive, include the following additional practices:

UTPs prohibited in all circumstances:

1. Prohibition or restriction by the buyer to the supplier to offer or to purchase goods or services to or from third parties;
2. Prohibition, restriction or imposition of sanctions by the buyer upon the supplier for providing the same or better trading conditions to third parties;
3. Unilateral and unjustified termination of the contract by the buyer or termination without notice within a reasonable time frame sufficient for the supplier to cover its investment costs and in view of the previous commercial relations of the parties to the contract.

Conditional banned UTPs:

1. The buyer requires the supplier to pay transportation and/or logistics costs;
2. Request by the buyer for direct reduction of the products prices retroactively or by applying unjustified discounts, bonuses and fees or services provided.

The additional rules along with those in the UTP Directive aim to comply with the established (existing) UTPs in the local market and were subject of analyses and research of the competent

authorities. It is important to note that the introduced UTPs shall apply only to supply agreements between suppliers and buyers with a turnover stated in the UTP Directive and shall not apply to agreements between suppliers and consumers. There are also few cases where the prohibited UTPs shall not apply – for example to payments from medical treatment facilities to contracts between suppliers of grapes or grape must and their direct buyers under some conditions etc.

The Protection of Competition Act provides for a pecuniary penalty of 5,000 levs to 300,000 levs (approx. 2,500 euro to 150,000 euro) imposed on the buyers in case of infringements of the prohibited UTPs therein. The designated enforcement authority in Bulgaria is the Commission for Protection of Competition.

## UTPs – the CEE perspective

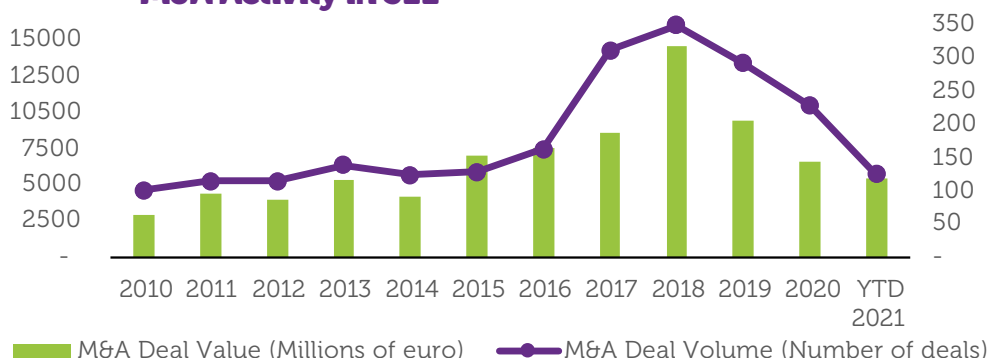
The EU Member States in the CEE region, predictably, must comply with the UTP Directive rules. However, the companies operating in the agriculture and food sector in the CEE region are likely to do business not only with EU based suppliers but also with non-EU. Therefore, the relevant regulations of UTPs in non-EU countries are not of less interest to the business in the sector. Almost all EU countries in the CEE region have implemented the UTP Directive measures in their internal legislation, mainly by amending an existing law, and have designated a competent enforcement authority. In some countries, the amended laws have already entered into force (Slovakia – in June 2021, Croatia – in September 2021). In non-EU CEE counties like Serbia, Bosnia and Herzegovina, North Macedonia, Ukraine and Turkey explicit UTP laws in the agricultural and food supply chain do not exist, but in most of them, the general laws of unfair trading competition apply.

# M&A deal flow picks up in 2021, tech and renewables in focus

By Julian Gikov, George Mucibabici Jr., Helena Simicevic and Simona Ciubotariu

Mergers and acquisitions (M&A) activity in SEE slowed further down in 2020 before a robust recovery so far in 2021 with total transactions amounting to 5.4 billion euro versus 6.6 billion euro for the entire previous year. Both deals flow and timing were affected by the COVID-19 pandemic. Investment decision-making and deal processing postponed in 2020 are becoming a fact in 2021. The M&A market rebound is most visible in Bulgaria, Slovenia and Croatia. Romania, usually the highest contributor, is catching up at a slower pace. In the past 20 months the regional leaders are the traditional ones - Romania and Bulgaria, with Slovenia coming on board as a high performer. While M&A activity in most SEE countries was influenced by the COVID-19 pandemic, the global economic investment sentiment, as well as excessive funding availability, it was local specifics rather than common features which tended to determine the main drivers of M&A in each country. The post-COVID-19 improvement in climate is evidenced by the annual GDP growth in the second quarter varying from 10 to 15% and consumption growth broadly in the upper 10%. As a result of improved macro environment, a number of high-profile deals were closed in the technology, media and telecom (TMT), energy, finance, infrastructure and real estate sectors. The massive greenfield renewable energy sources (RES) developments pipeline in most countries leads to an increased number of deals for ready-to-build projects in the shorter term, to be followed by larger scale exits by the developers from already operational RES assets in a longer term. The wide availability of sustainable financing and new attractive funding products such as green bonds will further accelerate investment and M&A activity involving targets across all sectors with energy, real estate and manufacturing in the lead. Multinational and regional players' strategic decisions will continue to drive M&A deals in SEE, backed by solid cash positions focused on national sector champions or high value-added niche product companies. In addition, with above 15 billion euro allocated for investments in Central and Eastern Europe (CEE) by private equity firms, the region is expected to further benefit from the fundraising ease in the recent years.

**M&A Activity in SEE**





**NUMBER OF M&A TRANSACTIONS**

	Albania	Bosnia	Bulgaria	Croatia	N. Macedonia	Moldova	Montenegro	Romania	Serbia	Slovenia	TOTAL
	Albania	Bosnia	Bulgaria	Croatia	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	44	349
2019	3	6	32	43	1	6	3	110	47	40	291
2020	3	1	28	15	2	3	1	136	20	24	227
YTD 2021	2	2	19	14	3	1	2	55	12	14	124

**VALUE OF M&A TRANSACTIONS (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	2869
2011	-	-	1650	290	78	7	20	410	1506	375	4336
2012	850	20	2080	160	19	13	-	365	149	319	3975
2013	4	-	1360	285	-	-	20	490	1160	1927	5246
2014	100	79	820	584	4	-	65	1480	224	770	4126
2015	-	45	1003	1004	-	-	47	3074	715	1038	6926
2016	585	7	1382	796	8	-	8	3442	185	1076	7489
2017	112	46	2235	510	65	-	124	4000	886	589	8567
2018	118	-	1569	1000	105	91	210	5000	5430	984	14507
2019	50	62	2290	507	49	195	48	4080	830	1270	9381
2020	128	67	872	478	30	29	36	3455	586	880	6561
YTD 2021	96	28	1550	814	35	18	38	1380	370	1080	5409

**Bulgaria**

Mostly impacted by COVID-19, the M&A activity in Bulgaria drew a steep U-curve trend over the past 20 months with a healthy recovery in 2021 well under way in both volume and value terms. After registering record-high levels in 2019, transactional activity in 2020 suffered from delayed investment decisions and extended deal process periods due to the initial pandemics-related uncertainty and a temporary focus on sustainability rather than on expansion or exits. The average deal value in 2020 was down to around 50 million euro with the top three deals representing about 50% of the total. Nevertheless, in line with the entire CEE region, no correction on valuation levels was observed over the review period.

The robust recovery of the market - with deals worth 1.6 million euro in the first half of 2021, almost double the full-year value for 2020 - is the result of the conclusion of postponed deals launched in previous years and returning investor optimism backed by the overall economic recovery.

While the ongoing political uncertainty relating to the unsuccessful formation of a new government does not seem

to have adversely affected investment activity, in broader terms the M&A market forecast for 2022 will take into consideration the outcome of the early parliamentary and presidential elections.

Over the past 20 months RES, conventional energy and TMT sectors have been among the traditionally strongest deal generators with infrastructure, software development, tech and e-commerce, agriculture and FMCG also substantially contributing to the deal flow.

Some of the largest deals on the Bulgarian market in 2020 and the first eight months of 2021 were the Sofia Airport concession contract with French infrastructure fund Meridiam, Strabag and Munich Airport, the long-processed sale of CEZ electricity distribution and supply assets to Eurohold, and the sale of the 60.4MW operational Karadzhalovo PV Plant by Blackrock and ACWA Power to Energy Development.

The software and tech space continued to attract interest from abroad, manifested in the merger between Silverfleet-owned EC4U and Bulpros and the acquisition of SMS Bump by U.S.-based Yotpo, alongside other acquisi-

tions triggered by the growing scale of companies in the sector.

Market consolidation and vertical integration trends generated more than a dozen signed or closed deals in the media and telecom sector, including Nova TV's sale to Vivacom, Telenor spin-off Cetin's acquisition of the optic network infrastructure Sofia Communications together with the related internet service provider Raccom, Vivacom's acquisitions of major regional independent telecom operators such as Net 1, N3, Networks and others.

The largest Pay-TV and internet service provider Bulsatcom is also expected to change its ownership with BlackRock, Blantyre, EBRD and BDB exiting following a successful restructuring and transformation of the company.

The sale of Enhol's 60 MW operational wind park to Swiss-based MET is the largest wind RES transaction in the country to-date, in line with a continuous uptrend underlining the regulatory predictability and attractiveness of the sector. Furthermore, in the RES sector, which was predominantly focused on operational subsidised assets in the recent years, is expected to be further driven by the massive greenfield projects pipeline currently

developed by a balanced mix of international and local investors. In line with the global trends and supported by the Green Deal and increasing ESG requirements, RES development is further accelerated by the favourable regulatory environment sustained over the past seven or eight years.

Private equity activity has been driving the main deals in the FMCG sector - CVC's acquisition of the largest dairy products player OMK via Vivartia represents a typical for the market scale PE investment in a sector champion. In agriculture, Bunge exited Bulgaria as a result of a revision of its strategy for the region.

Real estate too remained active in the past 20 months, with a number of large deals across all segments.

## Romania

Romania's economy coped well with the Covid-19 pandemic and is now at an advanced stage of the recovery process. In 2020, Romania recorded a 3.9% annual decrease in GDP, below the average 6.5% decrease of the EU27 and one of the lowest contractions among the EU27 countries. The low weight of services reduced the impact of Covid-19 pandemic on the country's economic contraction. GDP data for the second quarter of 2021 showed 13% annual growth, with the services as the main growth driver. Latest estimates point to a 7% increase in GDP in 2021. Romania's M&A market dynamics remained robust in 2020 with estimates placing total deal value at around 3.5 billion euro and the number of announced transactions at more than 130. Some of the sectors that warmed up in terms of M&A in 2020 were technology, energy, telecom, financial services and real estate.

## RES likely to remain in the spotlight in Romania

The list of transactions that made headlines in 2020 included the much

anticipated sale of several energy production and distribution assets by CEZ to Macquarie Infrastructure and Real Assets in a deal exceeding 1 billion euro, making it the fourth largest transaction on the Romanian M&A market in the past three decades.

Another transaction that was announced towards the end of 2020 was the acquisition by Orange Romania of a 54% stake in Telekom Romania Communications from OTE for around 270 million euro.

The top deals for 2020 included the sale of Wirecard Romania, a leading payment processing services provider, to SIBS Portugal as part of the divestiture process of the insolvent Wirecard Group, and the sale of the steel division of TeraPlast, the largest Romanian construction materials manufacturer, to Kingspan Group.

The list of major transactions concluded in the real estate sector included the acquisition of NEPI-Rockcastle's portfolio by AFi Europe consisting of several office buildings in Bucharest and Timisoara, for an estimated consideration of 300 million euro, and the acquisition of a minority stake in Globalworth Real Estate by CPI Property Group.

Private equity-driven activity continued, as a notable deal was Innova Capital's acquisition of consumer payments operations of PayPoint.

M&A activity has picked up since the beginning of 2021 and is estimated at above 1.3 billion euro.

Decarbonisation is a strategic EU goal which Romania too has embraced, as renewables are instrumental to achieving the targets set by the EU for the 2021-2023 period. Thus, the energy sector, RES in particular, is likely to remain in the spotlight by the end of the year. The sector saw several notable transactions such as Hidroelectrica's acquisition of the 108 MW Crucea Wind Farm, Electrica's deal for solar and wind parks with 200 MW total installed capacity, the Alternus Energy acquisition of a 20 MW solar park, and Ecoenergy's acquisition of a 153 MW solar park under development from Portland Trust.

Other major developments include the acquisition of betting and gaming company MaxBet by Novalpina Capital and the acquisition by A&M Capital Europe of Pet Network from Rohatyn Group. Banca Transilvania continued its consolidation strategy by acquiring Idea Bank from Getin Holding.

Another noteworthy deal was the acquisition by mobile gaming company Miniclip of a majority stake in its peer Green Horse Games.

## Croatia

The Croatian M&A market remained active in 2020 with 15 deals closed. A further 14 were recorded in 2021. Deal value disclosed was 814 million euro.

The IT sector saw the highest activity. The largest transactions were acquisition of Nanobit, a developer of mobile games, by Stillfront Group for 100 million dollars, and One Equity Partners' 200 million euro investment in Infobip, implying a valuation of more than 1 billion dollars. Infobip has already commenced a series of strategic acquisitions by buying US-based OpenMarket for 300 million dollars. Further transactions in this sector included Smartrent's buy of Tri plus grupa, a developer of security system and house management software, Playrix Croatia's deal for Cateia Games, a mobile and PC video game developer, and Devolver Digital's acquisition of Croteam, a video game developer, while Microblink

## The largest deal in Croatia was part of the Turkey's Dogus Group restructuring

## Fortenova will remain a major M&A player with further disposals of non-core assets

raised 60 million dollars in a round led by Silversmith Capital Partners. This trend continued into 2021 when Vela Software International acquired SVAM Plus, a provider of software solutions, and Emma Capital bought Bazaar, an e-commerce marketplace.

The largest transaction in Croatia was part of the Turkey's Dogus Group restructuring. CVC Capital Partners acquired D Marinas' operations in Greece, Croatia and the UAE for an approximate consideration of 365 million euro, and an Erste fund acquired a 90% stake in Villa Dubrovnik, a luxury hotel in Dubrovnik, also from Dogus Group.

Additional M&A activity involving smaller assets was observed in the renewables sector as KELAG acquired wind farm Orjak with a capacity of 10.25 MW and EARL Infrastructure Capital bought Energy 9, a wood biomass power plant with electrical and heat capacity of 5 MW and 19.4 MW respectively. PEARL Infrastructure Capital acquired UNI VIRIDAS, a biomass cogeneration plant with a production capacity of 8.6 MW electrical and 16 MW thermal. The energy sector shows further consolidation trends as HEP-Plin agreed to acquire PPD gas distribution for 10 million euro.

In 2020 the Fortenova Group continued to stabilise its business and liquidity through the sale of some non-core businesses and non-operating assets. It completed its exit from tourism through the sale of tour operator Kompas to Springwater Capital, and Karisma Hotels Adriatic to TUI. The restructuring of Agrokor continued in 2021 with the successful completion of the disposal of the group's frozen food business, including the regional leaders Frikom and Ledo for an aggregate consideration of approximately 15 million euro to Nomad Foods. Fortenova will remain a major M&A player in Croatia and the region with further disposals of non-core assets.

## Slovenia

Despite the lingering effects of COVID-19, the M&A market in Slovenia remained very active. After an initial freeze in 2020 when most transactions were temporarily put on hold, confi-

dence in the economy picked up and M&A activity recovered.

The Slovenian market was strongly driven by private M&A transactions. The top deal in 2021 was the sale of medical equipment manufacturer Fotona to Vitruvian Partners, a UK-based private equity firm, for 700 million

# 700 mln euro

The price tag of Slovenia's  
biggest deal in 2021

euro. In 2020, Sartorius acquired BIA Separations, a manufacturer of products for purification and analysis of large biomolecules, for a consideration of 360 million euro.

Other major transactions included Orange Climate's acquisition of LINDAB, an air handling units producer, from Lindab; Heta's acquisition by Serbia's MK Group; Agromarket's deal for Semenarna Ljubljana, a seeds producer, from Dezelna banka and TV2 Media Csoport Zrt's buy of red Planet TV from Telekom Slovenije.

Large public transactions have been scarce in the post-privatisation years, as the focus has shifted to the consolidation and reorganisation of the previously acquired businesses. Notable recent privatisations include the sale of Abanka Bank to Apollo and a subsequent merger with Nova KBM Bank. In April 2021, a 69.57% stake in Mercator was transferred from Agrokor to Fortenova Group, whereby Mercator became an integral part of the retail division of Fortenova group. The transaction was a final step in a broader restructuring of Fortenova's predecessor Agrokor.

## Serbia

The COVID-19 pandemic left its mark on M&A activity in 2020 and the first half of 2021. Both in terms of number and size, deals in Serbia declined sharply, to less than 1 billion euro in volume, following massive Chinese investments in the mining industry in 2018. However, activity is gaining momentum, reflecting positive trends in online com-

merce, IT/ICT sector and pharmacy.

The latest major deal involved a 94.5% stake in Nordeus, a gaming company by Take-Two Interactive Software for consideration of 385 million dollars. Take-Two's acquisition of Nordeus is the company's latest strategic initiative to bolster its mobile business following the 2017 and 2020 acquisitions of Social Point and Playdots.

In the beginning of 2021, Baystone Capital and Frontier Pharma Limited agreed to acquire Zdravlje from Teva Pharmaceutical Industries.

The consolidation of the Serbia's financial sector continued with the acquisition by NLB of 83.23% of Komercijalna Banka from the state. Komercijalna Banka has more than 770,000 active retail clients and the largest branch network in the country. It operates in two other SEE countries - Bosnia and Herzegovina and Montenegro - and has total assets of 3.846 billion euro. NLB's rationale for this transaction was that the acquisition will strengthen its presence and it will be able to focus on markets in SEE.

Victoria Group, an agro-industrial conglomerate specialised in processing exclusively non-GMO crops, sold its edible oil business Victoriaoil to local company Sun Valley, co-owned by funds managed by Oaktree Capital Management and Vaja Jhashi, the owner of one of the largest agro-industrial holdings in SEE.

The Serbian market continues to attract foreign investors such as Backer, which acquired Elektrotermija, Gucci Group which bought Rossi Shoes, Slovakia's DSC, which acquired Blackhorse FAS, a battery producer, and Britain's Frontier Pharma and Baystone Investment Group, which took over lab company Zdravlje.

NLB strengthens  
foothold in SEE  
with Komercijalna  
Banka deal

# E-commerce in the Balkans: Rise of local players

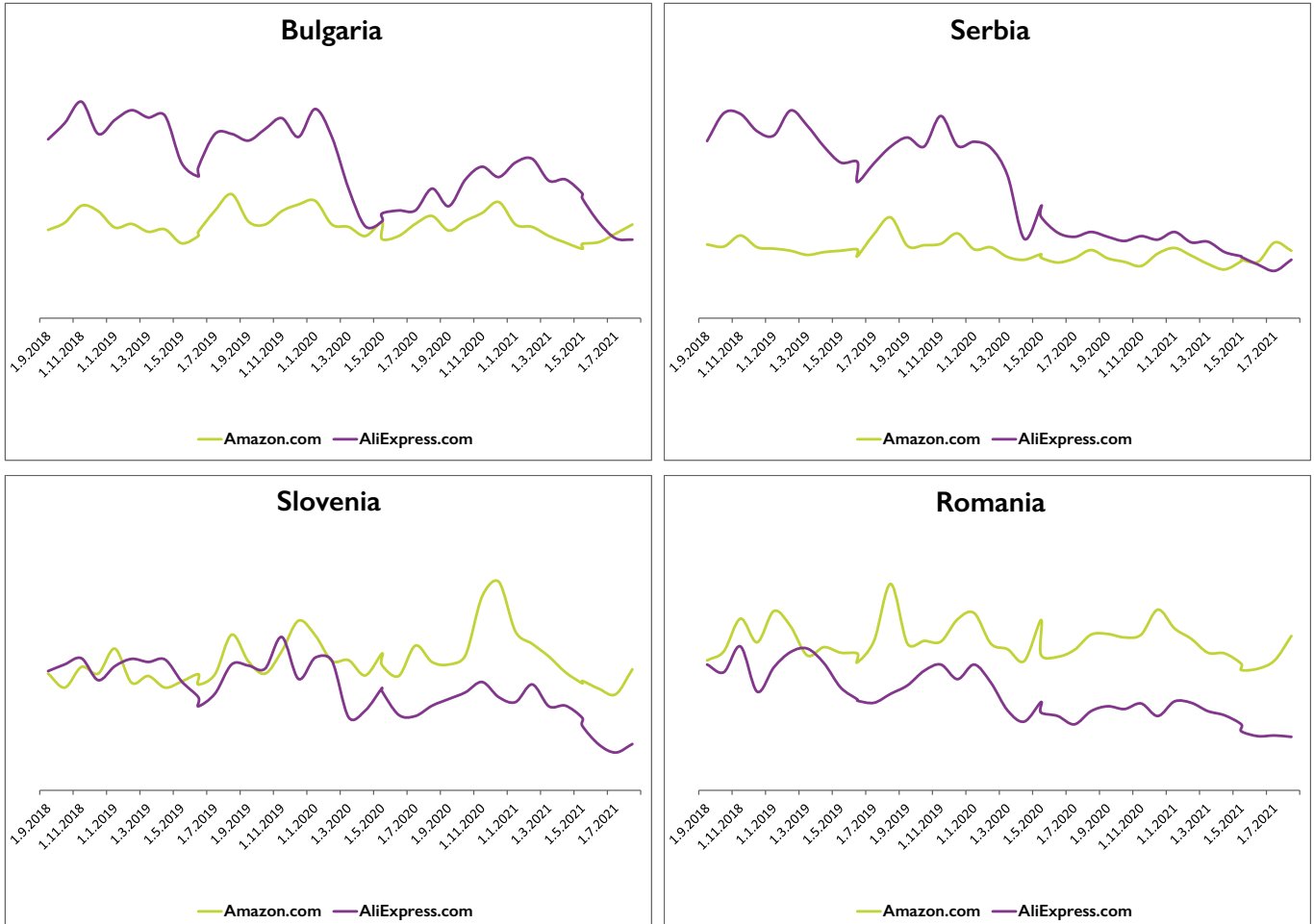
By Petar Galev, Viktor Laskov, Perceptica

The e-commerce scene in most countries in Southeast Europe is usually split between major international retailers and local players. Chinese retailer AliExpress used to hold a significant sway in the region, mostly with the cheap prices and oftentimes low shipping costs. The company was particularly successful in countries like Bulgaria, Serbia, and North Macedonia. However, the last two years have marked a notable shift from that trend – expressed in the graph below.

In the very beginning of the COVID-19 pandemic, people started getting wary of goods shipped from China. This included rumours spreading through social media of the virus being contracted from the surfaces of shipped goods. This led to a significant drop in interest in AliExpress. Although competitors like Amazon also felt it, the impact on the Chinese retailer was significantly harder.

The subsequent months of 2020 saw a period of recovery, with people searching for ways to shop as many items as possible online. This process was most visible in Bulgaria and to a lesser extent in other countries. By that time, Amazon had already caught up with its competitor and managed to overtake it in 2021 when shipping costs from China to Europe went through a major hike.

Search interest in Amazon and AliExpress in select SEE countries





### Local/regional retailers

The e-commerce scene in most SEE countries features an increasing number of local retailers who are also vying for domination of their respective markets. Their media strategies tend to be different and lead to varying results, also dependent on their focus. Most often than not, the list of top e-retailers per country would feature a tech-oriented website, as well as companies focused on fashion or cosmetics.

### Southeast Europe

The analysis takes a look at the media strategy and performance of two of the biggest e-commerce websites in five countries from Southeast Europe. It features information on how popular they are on different platforms, how search interest in them fares as well as whether they are reliant on the holiday or Black Friday season.

Here is a full list of the analysed indicators alongside a short explanation what stands behind each of them.

#### Search Interest

This indicator looks into how popular the website is in comparison with other major

e-commerce outlets. Its results are measured against the other biggest local e-commerce website as well as against the two largest global outlets present in the country (Amazon and AliExpress). A result of over 50 indicates that the outlet in question is dominant on the local market – in terms of search interest.

#### Number of Website Visitors

The indicator looks at the total number of unique monthly visitors the website gets and compares it against the number of internet users in the country (as per publicly available data). A score of over 50 suggests that the website is particularly popular and draws a significant portion of the country's online audience.

#### Social Media Presence

Social media presence once again measures a website's entire social media base (combined number of followers across all platforms) against the overall number of social media users in the country. Here, a score of over 20 suggests a successful presence, while a score of over 50 is reserved only for the most popular pages in any given country.

#### News Media Presence

This indicator measures how popular local outlets are in news media in comparison with global players. It shows the share of articles each major competitor has out of all news publications mentioning any of the two largest local and global competitors. The indicator considers all publications from print and online news outlets over the course of the past year.

#### Reliance on Black Friday/Holiday Deals

The final indicator looks at how reliant each e-commerce website on holiday deals (and Black Friday in particular) is for its media strategy. It measures search interest and news media presence during a website's annual peak in comparison with the average levels throughout the year. A score above 50 suggests that an outlet puts over twice as much effort during its most busy season than it does on average during the rest of the year. Conversely, a score close to 0 suggests that the website puts pretty much the same amount of effort throughout the year and does not treat holiday deals as particularly important.

## Country Profiles

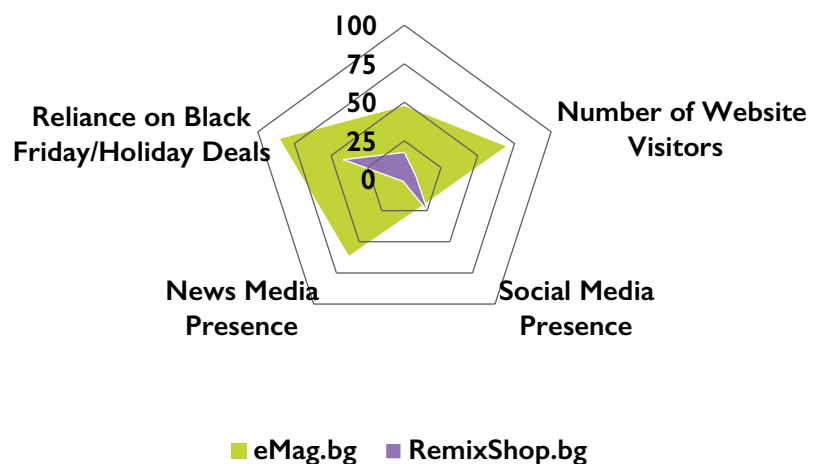
### Bulgaria

#### eMag Bulgaria vs RemixShop

As arguably the leading e-commerce retailer in Bulgaria, eMag predictably scores better in most categories covered by the analysis. It has a much more popular website, ranks higher in search, and attracts significantly more media attention than its counterpart. Typically for a tech-oriented retailer, eMag is heavily reliant on Black Friday deals. The media conversation and search interest around the website tend to peak at about the same time – when it announces its Black Friday sale. While consumers do remain interested in the website throughout the year, the average levels are much lower than what is witnessed in this particular week.

RemixShop, on the other hand, is more popular on social media which it uses to boost interest in its products – as opposed to interest in its own website. Unlike most other countries, Bulgarian retailers seem to focus solely on Facebook

and Instagram as part of their marketing effort – at least as far as social media platforms are concerned. RemixShop has a bigger following on both.



## Croatia

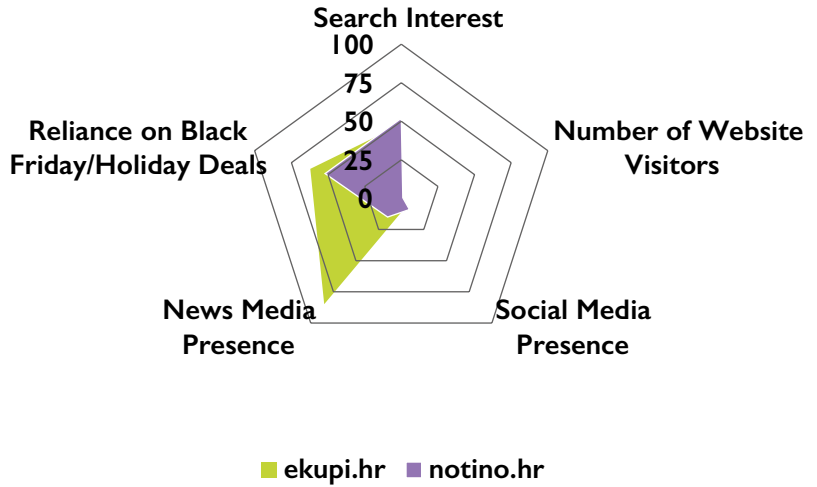
### Ekupi vs Notino

Ekupi.hr is a large Croatian online store selling a wide range of products such as clothing, footwear, electronics, toys and books. Notino is an online cosmetics store, a major player in Europe, present in 25 countries.

Both platforms note a similar presence on social media, but the situation is very different when it comes to traditional news media, where ekupi.hr is far more active. Ekupi.hr and Notino.hr both experience a boost around Black Friday, as is to be expected.

Ekupi.hr is in the lead when it comes to daily website visitors, due to the wider range of products offered, which naturally caters to a larger share of internet users. When it comes to long term interest in both websites, they maintain

steady levels across the year with Notino gaining traction over the past half a year and appearing to catch up and even overtake ekupi.hr in some weeks.



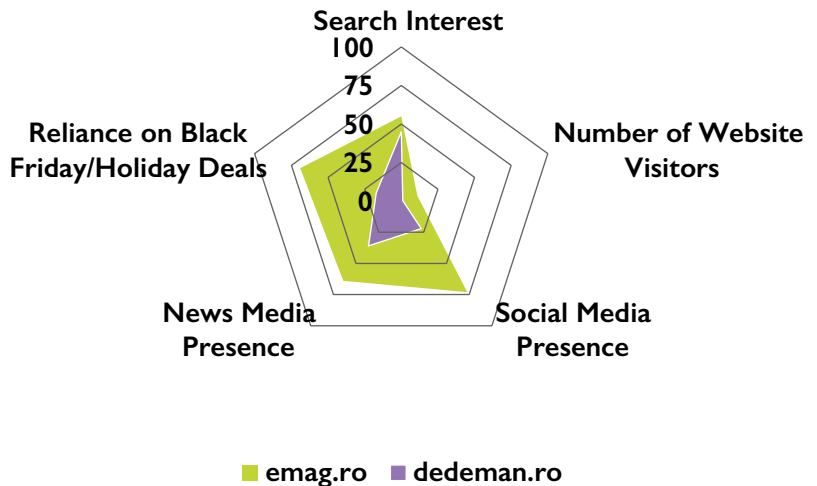
## Romania

### eMag Romania vs Dedeman

eMAG is a Romanian company, owned by Naspers, which sells IT equipment and components, electronics, home appliances, personal care items, automotive products, sporting goods, books, music, movies, furniture and household products and garden, pet products, children's items, toys. Dedeman is a Romanian company that sells construction materials and interior design products.

eMag is a company with strong presence on the market via its main eMag brand as well as other brands such as Fashion Days. When it comes to media presence, eMag is way more prevalent on both traditional and social media. The situation changes when one looks at the consumer search interest, where eMag still comes first, but this time around Dedeman is a close second. Dedeman's total exposure is lower, but appears to

be a lot more sustainable, as eMag peaks during Black Friday, while Dedeman keeps stable numbers across the board across the entire year, without notable peaks, but also without any significant falls in coverage.

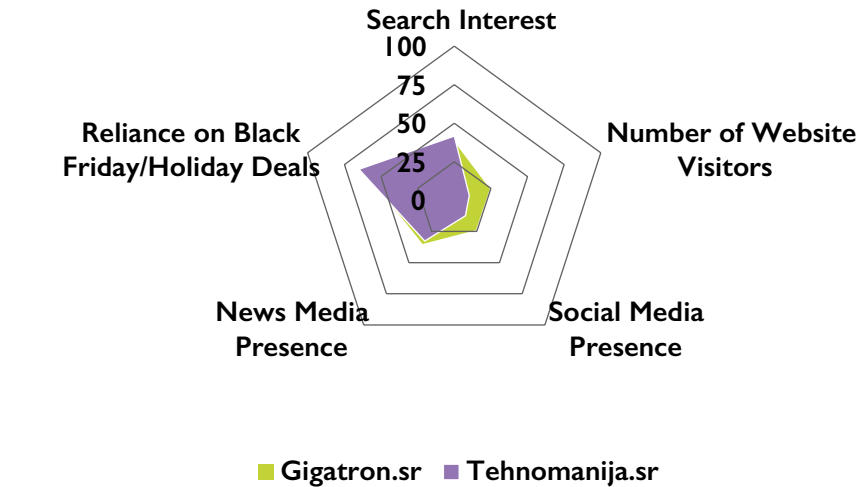


## Serbia

### Gigatron vs Tehnomanija

The fact that both analysed websites in Serbia are focused on technology more or less pre-determines the similarities observed in terms of their media presence. Both Gigatron.rs and Tehnomanija.rs heavily relied on Black Friday deals as well as, to a lesser extent, on the Christmas holidays shopping spree. They also matched each other in terms of the overall search interest generated – significantly higher than any of their global competitors. The same goes for their news media presence.

What distinguished the two was the overall popularity of their websites, as well as their social media presence. Gigatron excelled in both categories. The social media aspect is particularly interesting as Gigatron seems to be significantly more popular than its competitor



on Facebook and Instagram, with the latter being of growing importance for e-commerce in the region. As was the case with other countries in the region,

none of the companies dedicated much effort on Twitter, where only Gigatron has a presence, albeit with a really meagre following.

## Slovenia

### Mimovrste vs BigBang

Unlike most other countries on the list, Slovenia's e-commerce field offers a much more balanced picture. It is also a rare example where the likes of eBay and Amazon have long since been more popular than their Chinese competitor AliExpress.

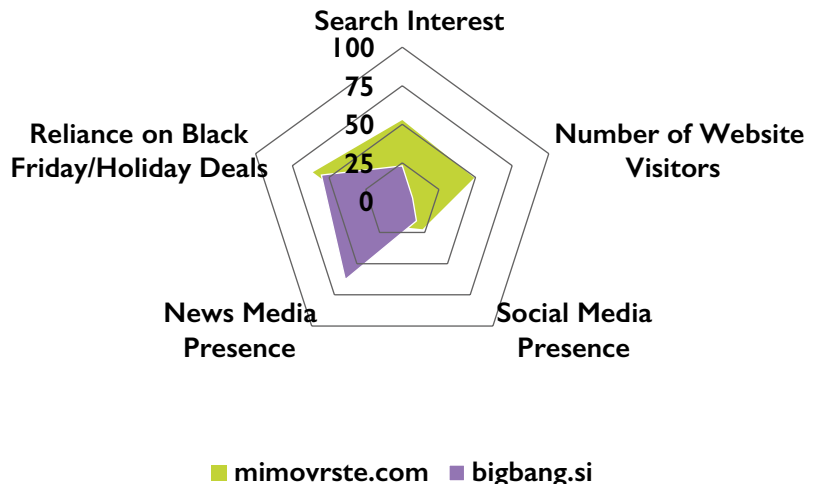
Each of the two analysed websites has some particularly strong points. Heavily tech-oriented bigbang.si, for example had a strong showing on news media in the past year. Most notably, media coverage focused on the fact that the company had managed to deal with the pandemic better than most.

A bit of an all-round retailer, mimovrste.com had more success in terms of search interest (with one notable peak for Black Friday) and the number of website visitors it received. In fact, it easily slots into the top 20 most popular

websites in the country.

One aspect of their performance both websites could look into improving comes in their social media presence. While overall mimovrste.com is slightly

ahead in this respect, bigbang.si has a significantly better following on Instagram – a network more and more e-commerce websites have targeted as a platform that could help drive sales.





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# Albania

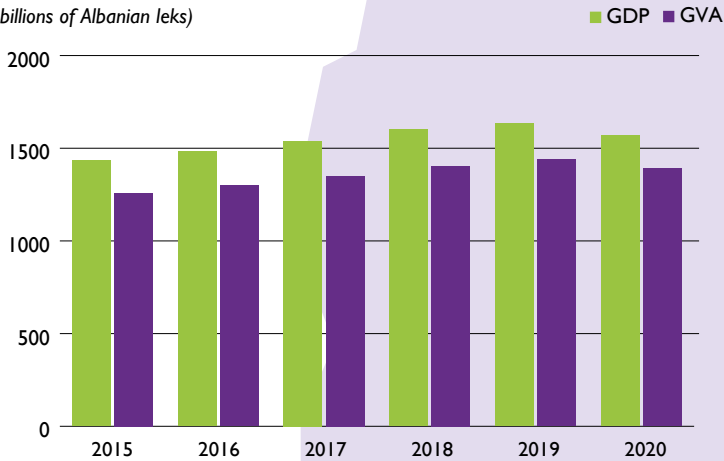
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	129	Operatori i Shpërndarjes së Energjisë Elektrike (OSHEE) Sh.a.	Electricity	469.7	474.1	0.63%	n/a	-60.8
2	167	Kastrati Group Sh.a.	Petroleum/Natural Gas	377.6	535.6	-28.38%	7.2	12.9
3	221	Global Resource Trading Sh.p.k.	Wholesale/Retail	252.9	110.4	132.73%	2.0	1.1
4	245	Info-Telecom Sh.p.k.	Telecommunications	225.4	212.0	8.01%	2.6	2.4
5	276	Kurum International Sh.a.	Metals	195.0	221.6	-10.63%	-2.5	9.2
6	295	Genklaudis Sh.a.	Petroleum/Natural Gas	178.9	207.6	-12.50%	1.1	1.0
7	335	Agna Sh.a.	Wholesale/Retail	119.3	129.7	-6.49%	3.6	4.6
8	350	Inter Distribution Services Sh.p.k.	Wholesale/Retail	107.2	114.3	-4.75%	1.4	1.8
9	357	Kastrati Sh.p.k.	Petroleum/Natural Gas	100.9	135.3	-24.27%	4.9	6.8
10	360	Europetrol Durres Albania Sh.a.	Petroleum/Natural Gas	98.3	139.7	-28.49%	0.7	0.4

## GDP and GVA

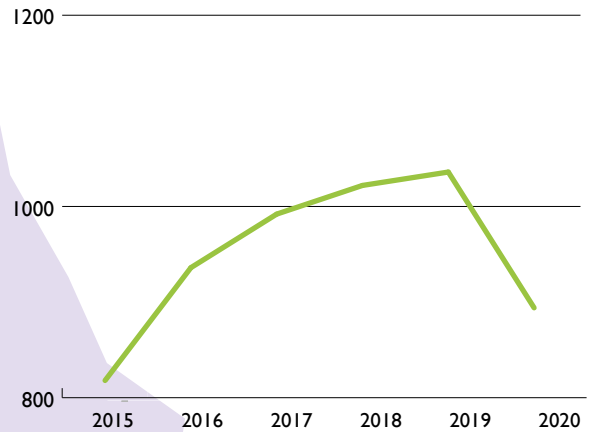
(in billions of Albanian leks)



Source: Institute of Statistics

## FDI

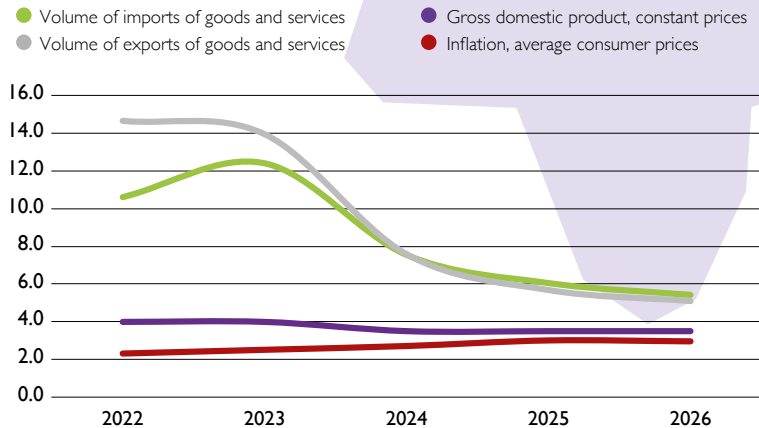
(in millions of euro)



Source: Bank of Albania

## ALBANIA ECONOMY FORECAST

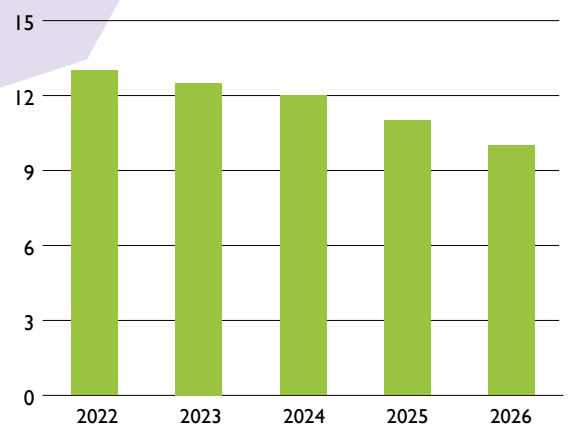
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database – April 2021

## UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database – April 2021

# Bosnia and Herzegovina

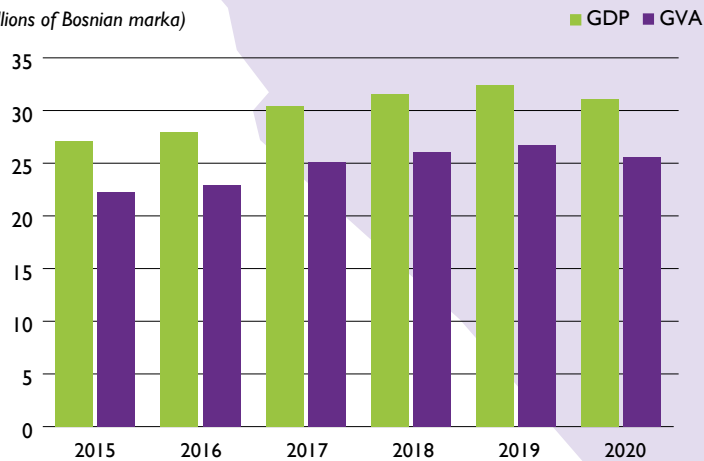
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	92	Bingo d.o.o. Tuzla	Wholesale/Retail	620.2	635.9	-2.47%	34.9	47.8
2	105	JP Elektroprivreda BiH d.d.	Electricity	541.0	543.2	-0.40%	3.7	10.3
3	139	Holdina d.o.o. Sarajevo	Petroleum/Natural Gas	436.7	672.0	-35.01%	1.2	4.3
4	176	Optima Grupa d.o.o. Banja Luka	Petroleum/Natural Gas	353.9	263.7	34.21%	33.4	-78.7
5	188	ArcelorMittal Zenica d.o.o.	Metals	312.1	377.9	-17.42%	-6.3	-20.7
6	217	MH ERS MP a.d.	Electricity	260.6	254.2	2.53%	4.8	16.9
7	231	Boreas d.o.o. Kreshevo	Wholesale/Retail	244.6	281.5	-13.10%	0.0	1.7
8	237	BH Telecom d.d.	Telecommunications	233.7	248.5	-5.96%	24.1	26.0
9	252	Telekom Srpske a.d.	Telecommunications	219.1	221.1	-0.88%	33.5	31.2
10	272	Hifa-Oil d.o.o.	Petroleum/Natural Gas	200.8	265.8	-24.47%	5.3	5.7

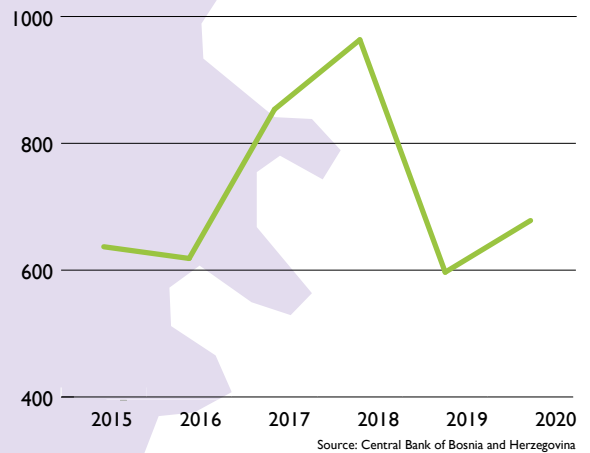
## GDP and GVA

(in billions of Bosnian marka)



## FDI

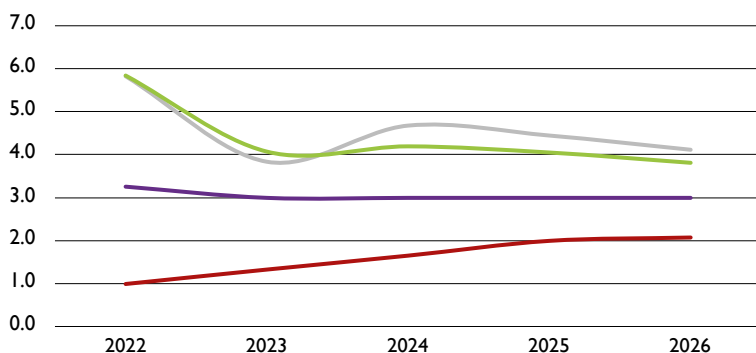
(in billions of Bosnian marka)



## BOSNIA AND HERZEGOVINA ECONOMY FORECAST

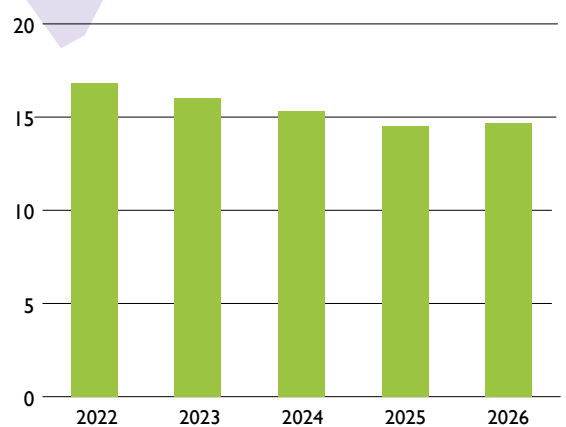
(y/y change in %)

- Volume of imports of goods and services
- Volume of exports of goods and services
- Gross domestic product, constant prices
- Inflation, average consumer prices



## UNEMPLOYMENT RATE FORECAST

(% of total labour force)



# Bulgaria

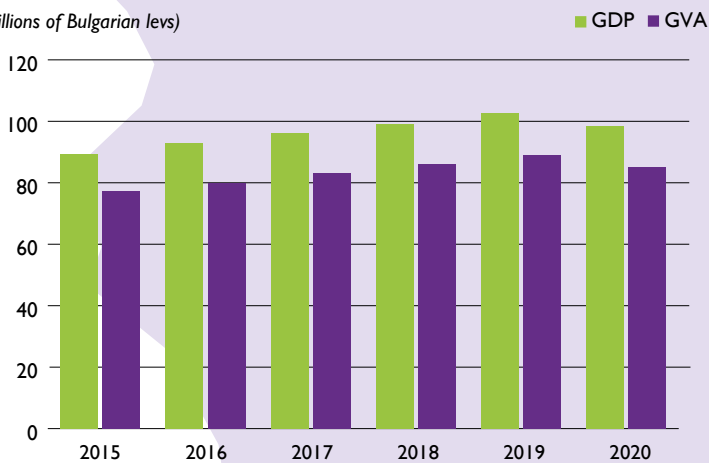
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	4	Aurubis Bulgaria AD	Metals	2761.6	2475.7	11.55%	135.4	135.9
2	20	Lukoil Neftochim Burgas AD	Petroleum/Natural Gas	1548.3	3265.7	-52.59%	-260.4	-41.1
3	29	Natsionalna Elektricheska Kompania EAD	Electricity	1311.0	1441.1	-9.03%	23.7	-0.6
4	40	Lukoil-Bulgaria EOOD	Petroleum/Natural Gas	1109.7	1698.2	-34.66%	4.9	34.9
5	49	BA Glass Bulgaria EAD	Glass Products	938.5	591.4	58.70%	65.2	40.9
6	50	Consortium Arkad DZZD	Construction	932.4	0.0	n/a	6.4	0.0
7	54	Kaufland Bulgaria EOOD & Co KD	Wholesale/Retail	889.6	843.7	5.44%	43.4	39.1
8	57	Astra Bioplant EOOD	Petroleum/Natural Gas	860.9	974.5	-11.66%	20.2	7.2
9	74	Saksa OOD	Petroleum/Natural Gas	720.4	912.2	-21.03%	8.3	11.7
10	75	Independent Bulgarian Energy Exchange EAD	Electricity	700.4	430.5	62.72%	3.0	2.2

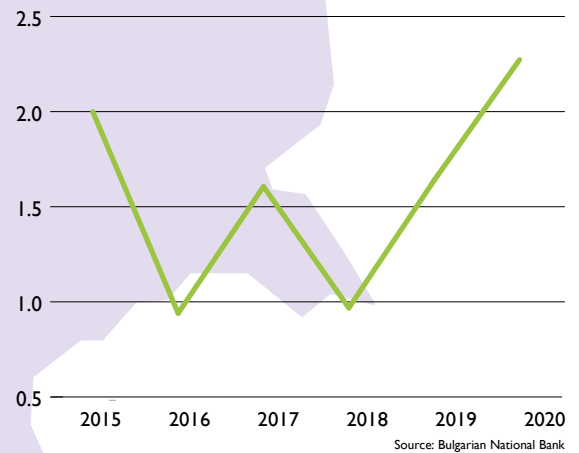
## GDP and GVA

(in billions of Bulgarian levs)



## FDI

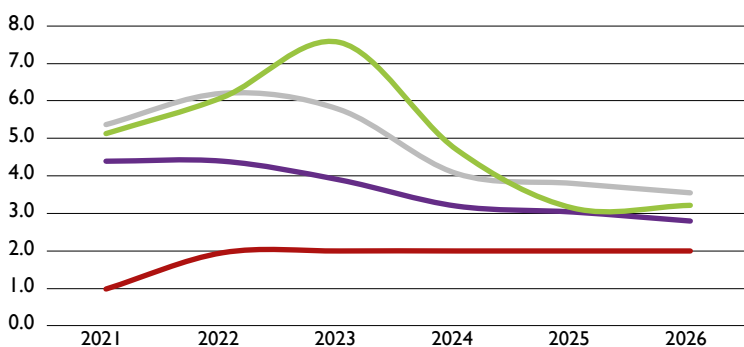
(in billions of euro)



## BULGARIA ECONOMY FORECAST

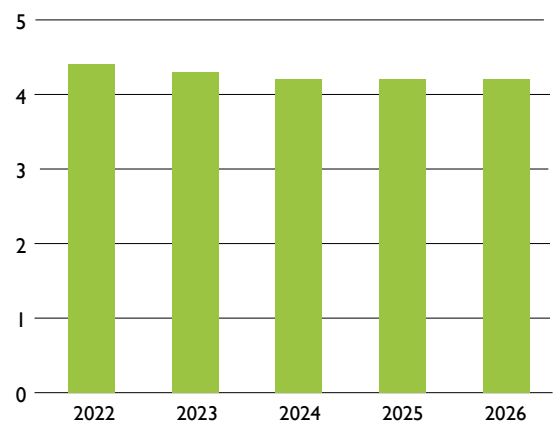
(y/y change in %)

- Volume of imports of goods and services
- Volume of exports of goods and services
- Gross domestic product, constant prices
- Inflation, average consumer prices



## UNEMPLOYMENT RATE FORECAST

(% of total labour force)



# Croatia

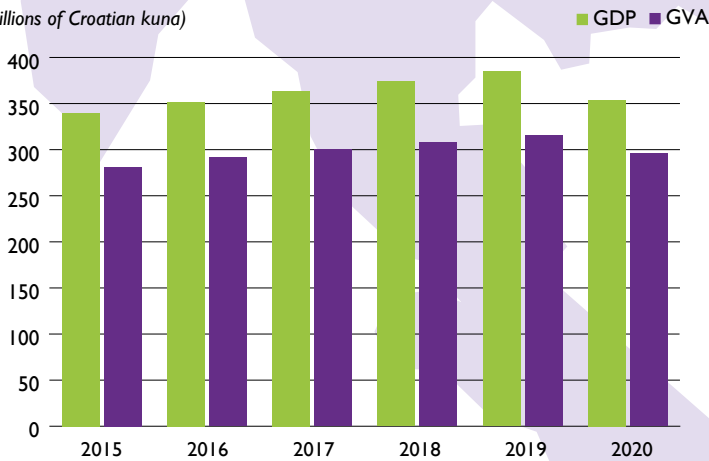
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	15	INA d.d.	Petroleum/Natural Gas	1886.8	2904.0	-34.20%	-123.8	88.1
2	28	Konzum Plus d.o.o.	Wholesale/Retail	1331.4	1028.9	31.05%	-33.6	-15.4
3	30	Prvo Plinarsko Društvo d.o.o.	Petroleum/Natural Gas	1298.8	952.7	38.06%	30.1	26.7
4	33	Hrvatska Elektroprivreda d.d.	Electricity	1251.7	1413.5	-10.32%	185.9	148.8
5	66	Lidl Hrvatska d.o.o. k.d.	Wholesale/Retail	803.4	788.1	3.24%	45.7	49.8
6	69	Hrvatski Telekom d.d.	Telecommunications	780.0	815.6	-3.14%	93.4	96.3
7	82	Spar Hrvatska d.o.o.	Wholesale/Retail	658.4	645.7	3.26%	-5.9	-3.5
8	94	Plodine d.d.	Wholesale/Retail	601.9	587.5	3.75%	26.3	17.9
9	96	Pliva Hrvatska d.o.o.	Pharmaceuticals	596.1	640.6	-5.77%	110.5	134.0
10	101	HEP-Proizvodnja d.o.o.	Electricity	569.7	569.5	1.30%	83.6	61.4

## GDP and GVA

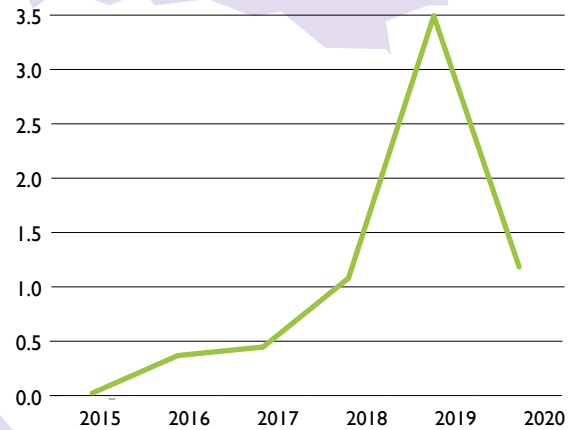
(in billions of Croatian kuna)



Source: Croatian Bureau of Statistics

## FDI

(in billions of euro)

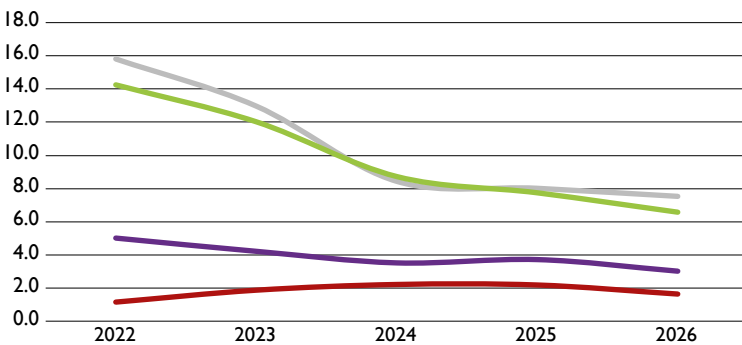


Source: Croatian National Bank

## CROATIA ECONOMY FORECAST

(y/y change in %)

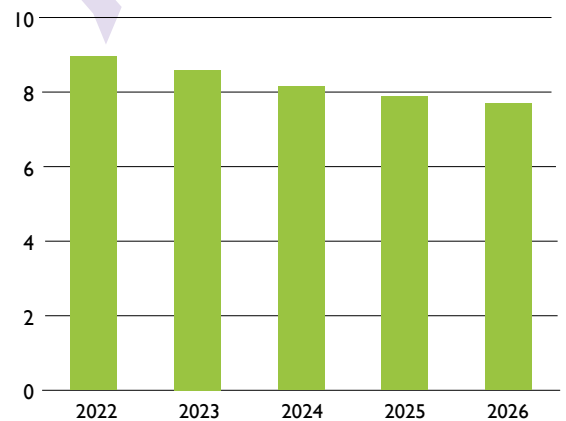
- Volume of imports of goods and services
- Volume of exports of goods and services
- Gross domestic product, constant prices
- Inflation, average consumer prices



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

## UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021



# Moldova

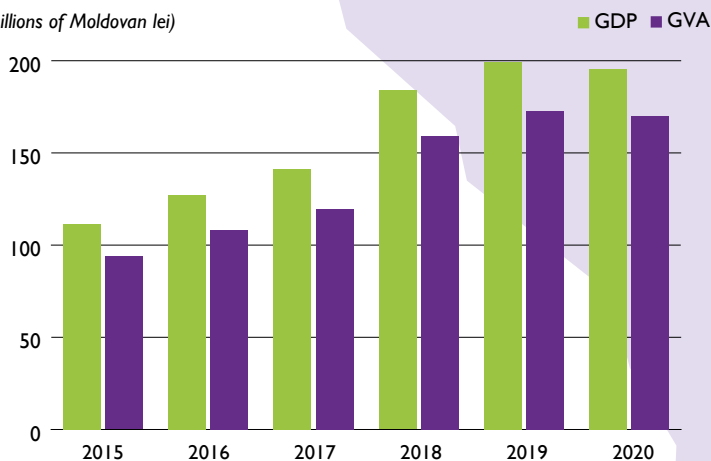
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	257	Moldovagaz SA	Petroleum/Natural Gas	214.1	283.6	-17.20%	-32.0	1.2
2	283	Energocom SA	Electricity	190.3	232.2	-10.12%	1.2	1.3
3	317	Orange Moldova SA	Telecommunications	137.9	141.0	-2.19%	19.4	n/a
4	356	Termoelectrica SA	Electricity	103.1	127.8	-11.49%	-0.2	10.4
5	365	Floarea Soarelui SA	Food/Drinks/Tobacco	95.2	120.6	-13.40%	-6.1	0.2
6	384	Moldtelecom SA	Telecommunications	74.5	89.1	-8.28%	4.1	1.5
7	417	Supraten SA	Building materials	55.6	62.0	-1.63%	0.1	3.1
8	425	Moldcell SA	Telecommunications	51.7	n/a	n/a	-4.9	n/a
9	429	Tirex Petrol SA	Petroleum/Natural Gas	47.8	n/a	n/a	1.0	n/a
10	450	Franzeluta SA	Food/Drinks/Tobacco	25.9	32.1	-11.39%	-0.2	0.3

## GDP and GVA

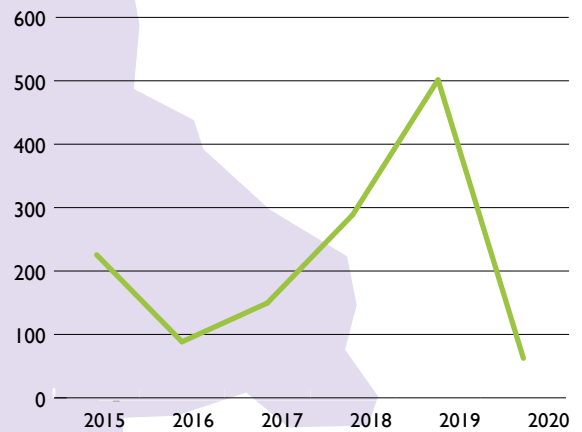
(in billions of Moldovan lei)



Source: National Bureau of Statistics of the Republic of Moldova

## FDI

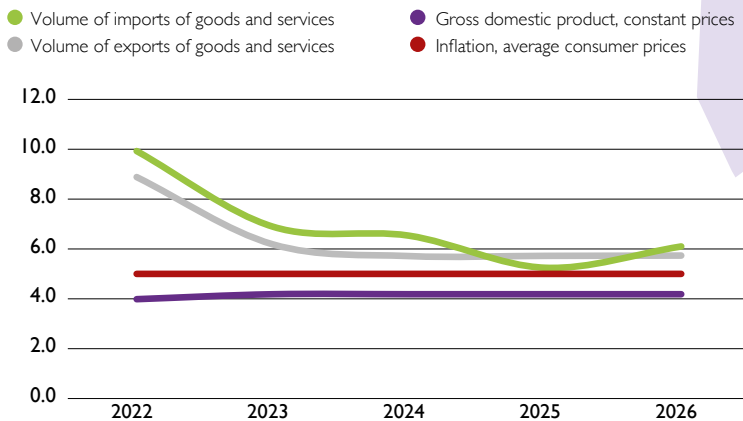
(in millions of US dollars)



Source: National Bank of Moldova

## MOLDOVA ECONOMY FORECAST

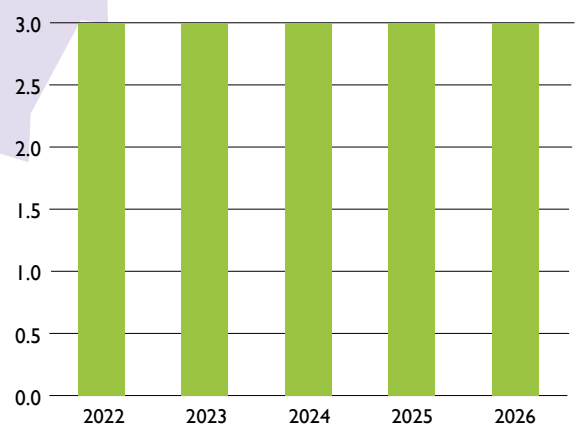
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

## UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

# Montenegro

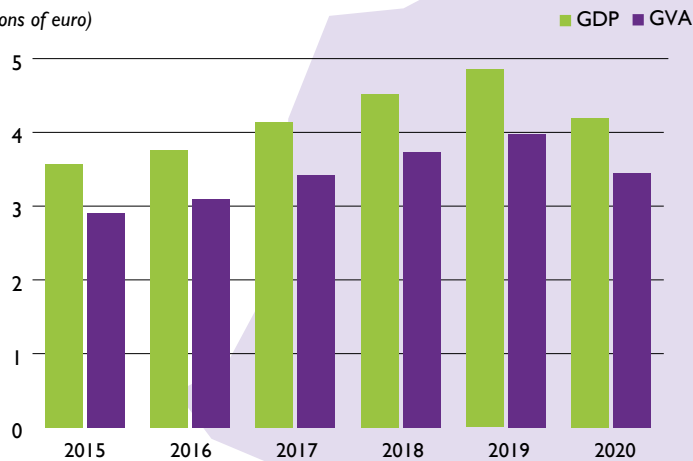
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	184	Elektroprivreda Crne Gore A.D.	Electricity	326.7	337.3	-3.15%	16.2	28.3
2	253	Voli Trade D.O.O.	Wholesale/Retail	218.7	242.4	-9.78%	2.5	4.9
3	319	Hard Discount Lakovic D.O.O.	Wholesale/Retail	137.0	165.6	-17.25%	3.0	4.9
4	324	Bemax D.O.O.	Metals	133.2	107.3	24.22%	27.6	11.8
5	352	China Road & Bridge Corporation D.O.O.	Civil Engineering	106.7	172.0	-37.99%	-54.8	-62.4
6	367	Mercator-CG D.O.O.	Wholesale/Retail	93.3	104.3	-10.54%	-7.4	1.0
7	376	Jugopetrol A.D.	Petroleum/Natural Gas	84.8	159.3	-46.78%	2.6	4.3
8	385	Crnogorski Telekom A.D.	Telecommunications	74.3	81.2	-8.47%	1.2	4.3
9	391	Domaca Trgovina D.O.O.	Wholesale/Retail	70.4	87.3	-19.38%	-1.6	0.8
10	392	Uniprom D.O.O.	Transportation	70.0	69.3	0.90%	-2.7	-8.4

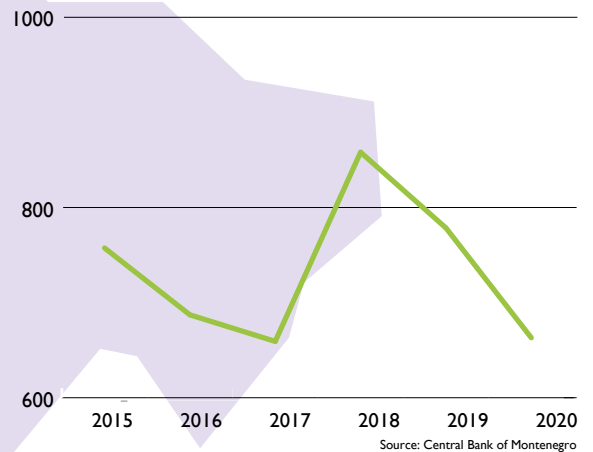
## GDP and GVA

(in billions of euro)



## FDI

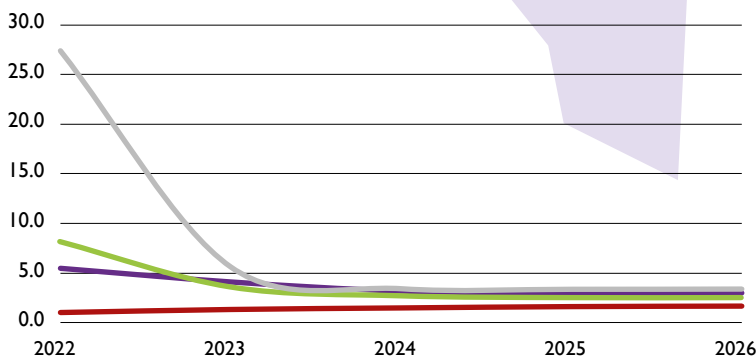
(in millions of euro)



## MONTENEGRO ECONOMY FORECAST

(y/y change in %)

- Volume of imports of goods and services
- Volume of exports of goods and services
- Gross domestic product, constant prices
- Inflation, average consumer prices



# North Macedonia

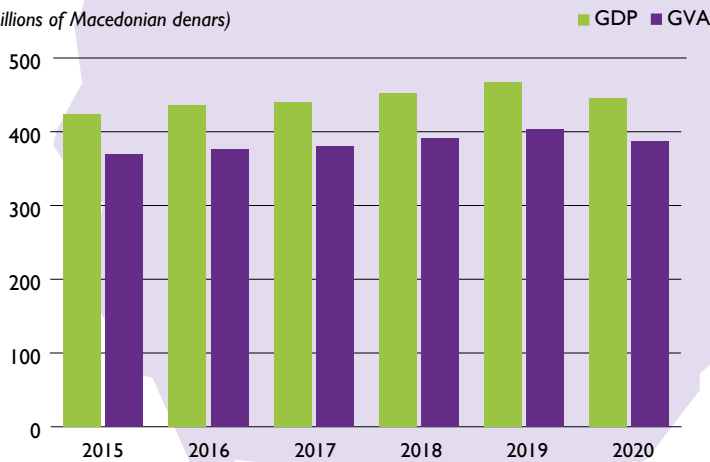
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	19	Johnson Matthey DOOEL	Chemicals	1742.0	1903.1	-8.16%	68.4	77.0
2	135	Okta AD	Petroleum/Natural Gas	448.9	450.7	-0.05%	4.3	4.3
3	206	EVN Home DOO	Electricity	276.5	137.1	102.38%	-11.9	9.9
4	209	Makpetrol AD	Petroleum/Natural Gas	271.6	372.4	-26.82%	5.7	14.3
5	273	Kromberg & Schubert Makedonija DOOEL	Wholesale/Retail	199.8	248.4	-19.27%	-0.4	4.3
6	277	Elektrani na Severna Makedonija (ELEM) AD	Electricity	194.8	207.4	-5.78%	-16.7	3.1
7	284	Euronikel Industri DOO	Metals	187.8	168.5	11.81%	5.6	9.6
8	288	Makedonski Telekom AD	Telecommunications	184.8	178.9	3.65%	26.0	24.5
9	298	Kam DOO	Wholesale/Retail	169.1	149.0	13.84%	4.9	4.8
10	302	Public Enterprise for State Roads	Civil Engineering	161.8	139.6	16.31%	74.5	46.9

## GDP and GVA

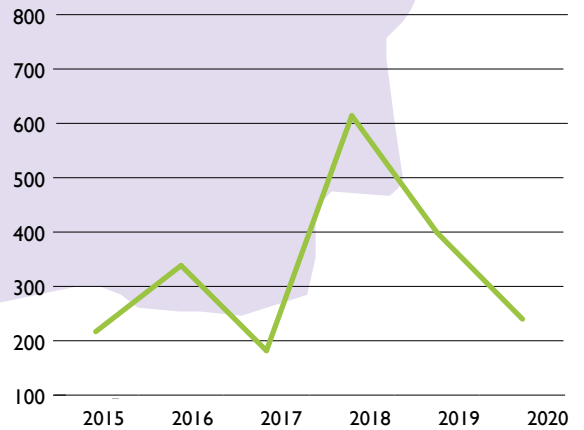
(in billions of Macedonian denars)



Source: State Statistical Office of the Republic of Macedonia

## FDI

(in millions of euro)

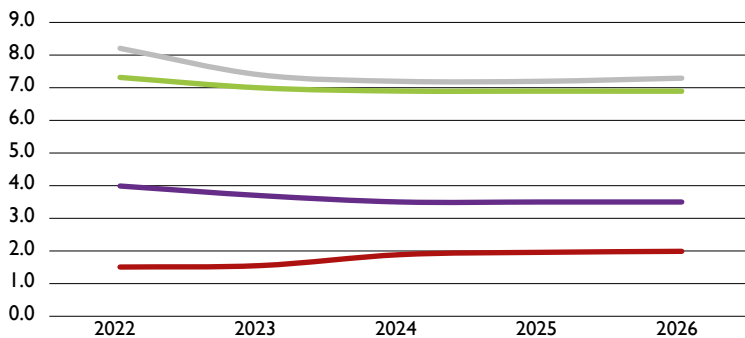


Source: National Bank of the Republic of Macedonia

## CROATIA ECONOMY FORECAST

(y/y change in %)

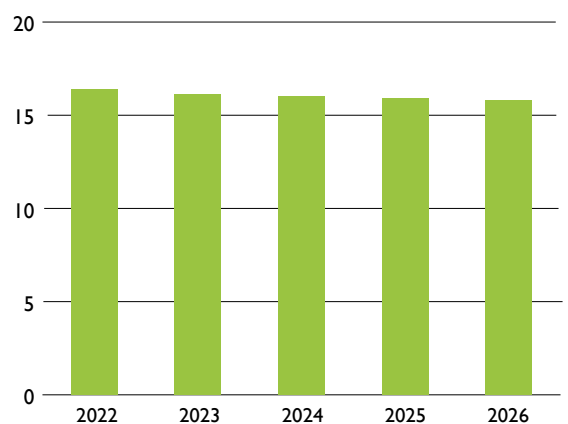
- Volume of imports of goods and services
- Volume of exports of goods and services
- Gross domestic product, constant prices
- Inflation, average consumer prices



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

## UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

# Romania

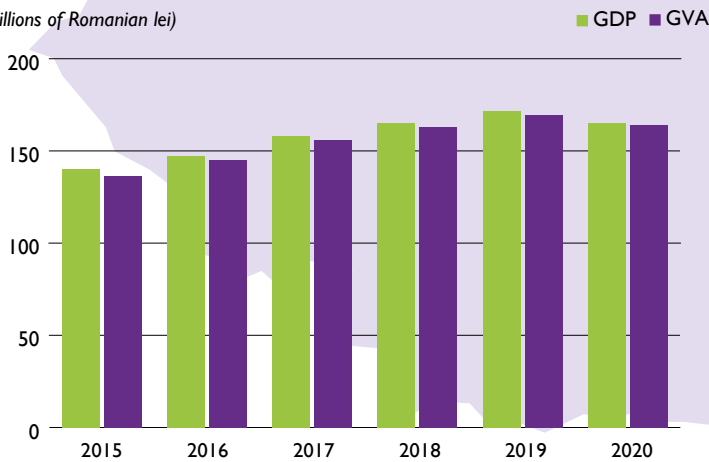
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	1	Automobile-Dacia SA	Automobiles	3814.4	5213.7	-25.46%	61.2	138.7
2	2	OMV Petrom SA	Petroleum/Natural Gas	3808.4	4650.1	-16.56%	283.7	745.6
3	3	OMV Petrom Marketing SRL	Petroleum/Natural Gas	2996.8	4021.9	-24.08%	67.4	92.7
4	5	Lidl Discount SRL	Wholesale/Retail	2667.5	2064.5	31.64%	155.3	102.8
5	6	Kaufland Romania SCS	Wholesale/Retail	2650.7	2498.5	8.09%	199.3	177.4
6	7	Ford Romania SA	Automobiles	2575.4	2200.4	19.25%	15.9	33.3
7	10	British American Tobacco (Romania) Trading SRL	Food/Drinks/Tobacco	2363.3	2276.9	5.75%	28.4	22.6
8	11	Dedeman SRL	Wholesale/Retail	2182.5	1754.2	26.76%	298.7	268.3
9	13	Rompetrol Downstream SRL	Petroleum/Natural Gas	1936.4	2512.8	-21.49%	20.4	19.7
10	14	Profi Rom Food SRL	Wholesale/Retail	1902.8	1575.4	23.06%	-25.5	-7.5

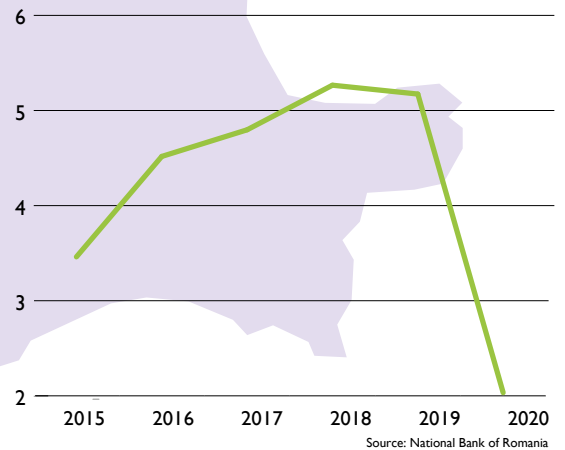
## GDP and GVA

(in billions of Romanian lei)



## FDI

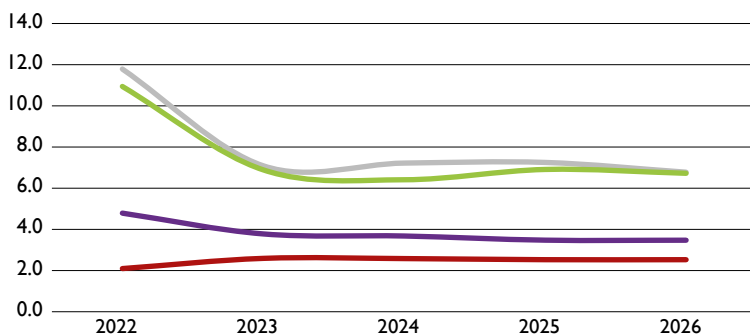
(in billions of euro)



## ROMANIA ECONOMY FORECAST

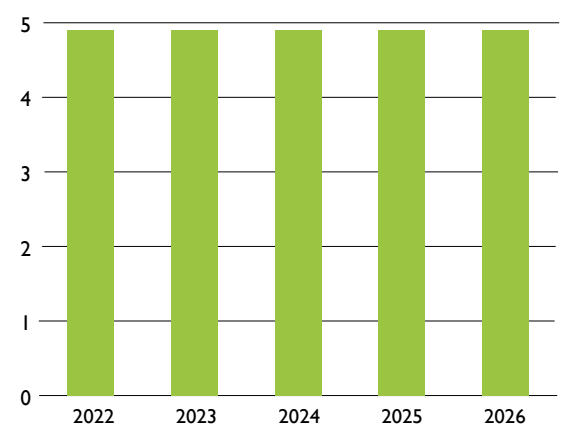
(y/y change in %)

- Volume of imports of goods and services
- Volume of exports of goods and services
- Gross domestic product, constant prices
- Inflation, average consumer prices



## UNEMPLOYMENT RATE FORECAST

(% of total labour force)





# Serbia

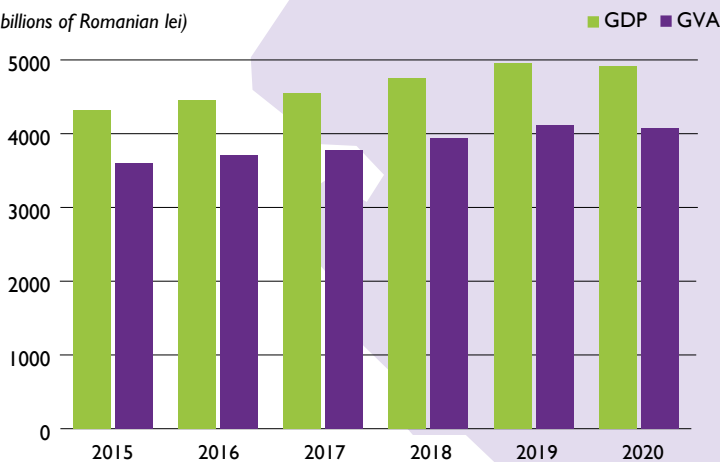
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	8	JP Elektroprivreda Srbije	Electricity	2557.3	2470.7	3.50%	109.9	31.2
2	22	Naftna Industrija Srbije AD	Petroleum/Natural Gas	1496.0	2130.7	-29.80%	-50.4	151.0
3	48	Delhaize Serbia DOO	Wholesale/Retail	963.8	910.3	5.86%	33.5	44.1
4	60	Telekom Srbija AD	Telecommunications	822.8	809.7	1.61%	47.0	29.7
5	63	Tigar Tyres DOO	Rubber/Rubber Products	815.6	889.8	-8.36%	78.6	77.0
6	68	JP Srbijagas	Petroleum/Natural Gas	780.9	834.3	-6.41%	25.5	40.7
7	71	Elektrodistribucija Srbije DOO (formerly known as EPS Distribucija DOO)	Electricity	742.8	731.7	1.51%	-15.5	-49.1
8	77	Mercator-S DOO	Wholesale/Retail	692.8	680.4	1.81%	-46.7	-18.4
9	81	Nelt Co DOO	Transportation	663.8	676.9	-1.95%	6.7	5.1
10	85	Serbia Zijin Copper DOO	Metals	650.4	489.3	32.92%	71.7	27.9

## GDP and GVA

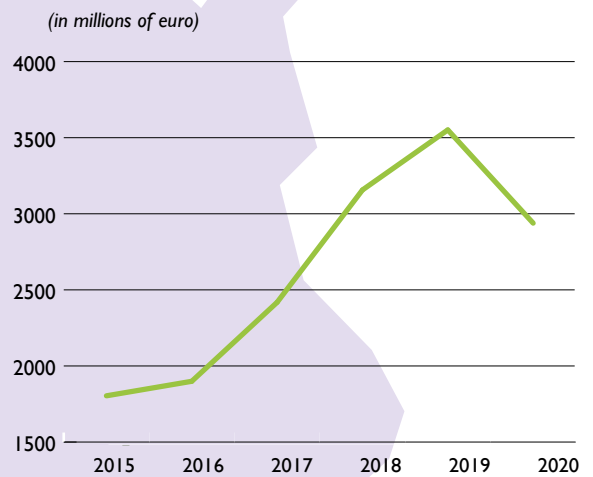
(in billions of Romanian lei)



Source: Statistical Office of the Republic of Serbia

## FDI

(in millions of euro)

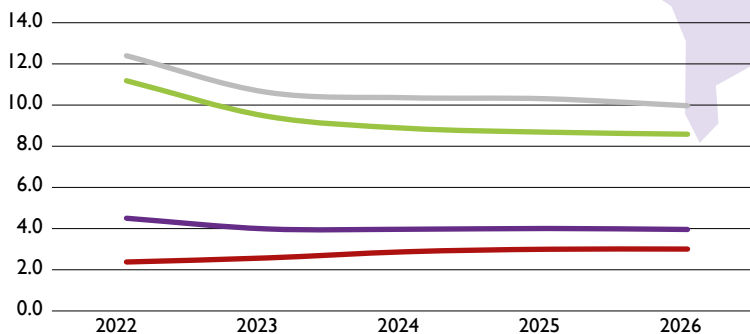


Source: National Bank of Serbia

## SERBIA ECONOMY FORECAST

(y/y change in %)

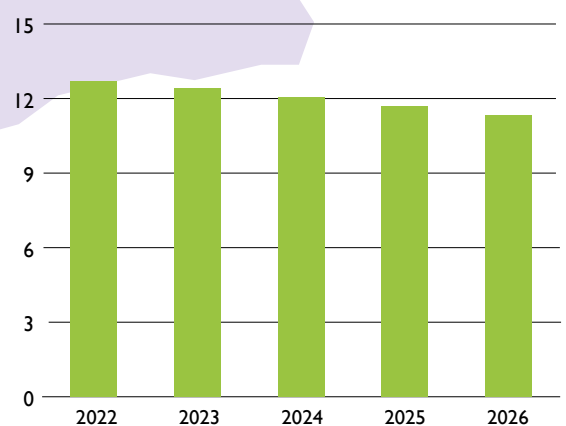
- Volume of imports of goods and services
- Volume of exports of goods and services
- Gross domestic product, constant prices
- Inflation, average consumer prices



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

## UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

# Slovenia

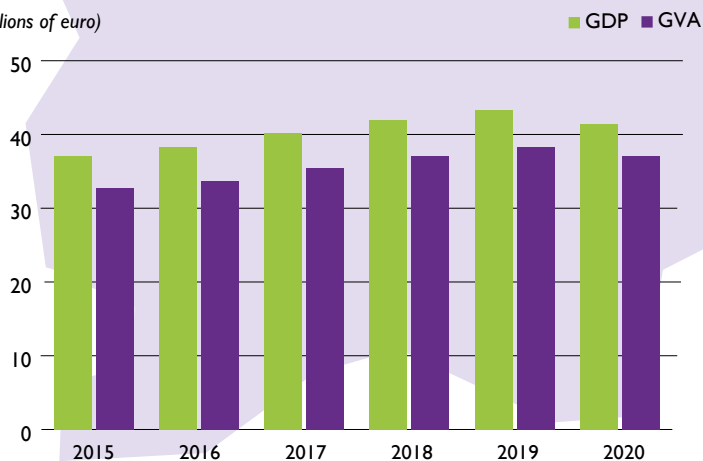
## TOP 10

(in millions of euro)

Rank 2020	SEE Top 100 No	Company name	Industry	Total revenue 2020	Total revenue 2019	Y/Y change in revenue	Net profit/loss 2020	Net profit/loss 2019
1	9	Petrol d.d.	Petroleum/Natural Gas	2468.8	3647.9	-32.32%	28.9	60.2
2	12	GEN-I d.o.o.	Electricity	2145.6	2229.7	-3.77%	14.7	15.5
3	17	Holding Slovenske Elektranre d.o.o.	Electricity	1870.7	1762.1	6.16%	-226.9	60.1
4	24	Krka d.d.	Pharmaceuticals	1484.0	1428.4	3.89%	258.5	249.4
5	25	Revoz d.d.	Automobiles	1401.2	1802.7	-22.27%	-1.6	24.2
6	31	Poslovni Sistem Mercator d.d.	Wholesale/Retail	1273.1	1245.6	2.21%	-55.4	-13.8
7	35	Lek d.d.	Pharmaceuticals	1222.9	1205.5	1.44%	140.3	115.8
8	36	Gorenje d.o.o.	Electronics	1219.9	893.9	36.46%	-11.5	-59.5
9	62	Beletron d.o.o.	Financial Services	818.0	1044.8	-21.71%	9.5	9.1
10	78	Impol d.o.o.	Metals	680.9	784.2	-13.17%	7.4	13.2

## GDP and GVA

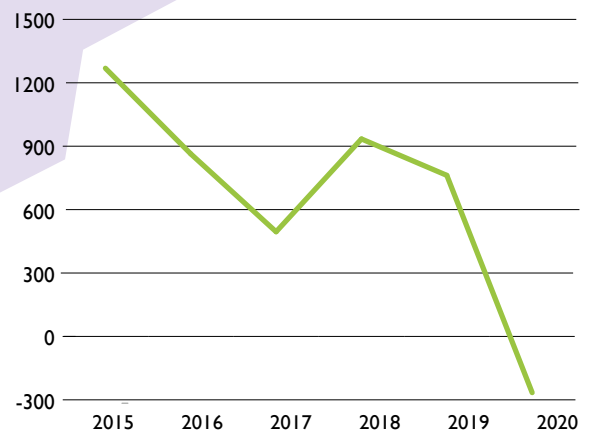
(in billions of euro)



Source: Statistical Office of the Republic of Slovenia

## FDI

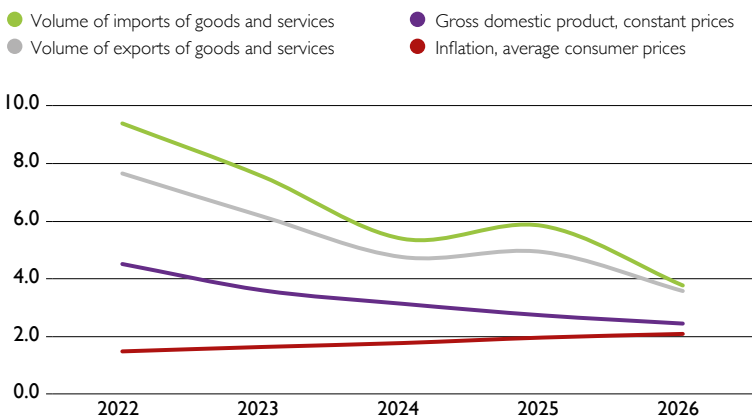
(in millions of euro)



Source: Banka Slovenije

## SLOVENIA ECONOMY FORECAST

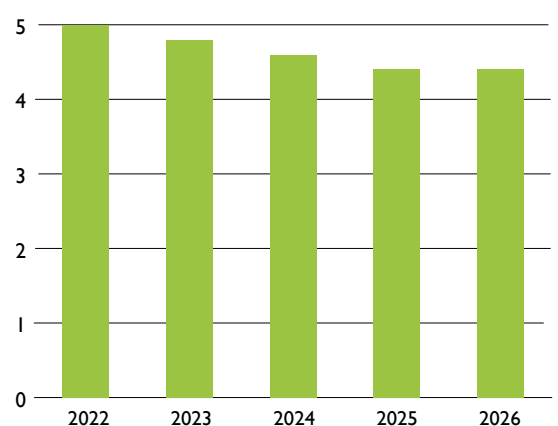
(y/y change in %)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

## UNEMPLOYMENT RATE FORECAST

(% of total labour force)



Source: International Monetary Fund (IMF) World Economic Outlook Database - April 2021

- Financial inclusion
- Fintech for the benefit of the people
- Visionary spirit and entrepreneurship
- Sustainability





# LIFEPARTNER

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