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How did CEE Top 500 companies perform during the pandemic?

- **CEE Top 500 players: the Top 500 companies' turnover has dropped by 3.3% to 667 billion euros in 2020**
- **Polish businesses are the largest income earners in CEE with aggregated year-on-year turnover growth**
- **The three largest sectors generate almost 54% of the total revenue**
- **The CEE economies have adapted well to the new pandemic environment**
- **The sectors that have led in previous rankings are again among the top three in 2020: mineral chemicals, petroleum, plastics, and pharma come in first, followed by automotive & transport, and non-specialized trade**

The 13th CEE Top 500 study provides an insight into the future and summarizes the region's economic activity for the previous year. Moreover, it describes the condition of the 500 largest companies in CEE by their turnover. This edition describes the struggles of the new Covid-19 pandemic environment as well as how companies adjusted to this new situation. Jarosław Jaworski, CEO of Coface Central and Eastern Europe, explains that "the CEE economies have adapted to the new, pandemic environment, but its positive picture is challenged by the global and European perspective. Central and Eastern Europe's 500 largest businesses faced a decrease in revenues and an even sharper drop in profits in 2020." The Top 500 companies' turnover has dropped by 3.3% to 667 billion euros. Average turnover contracted to 1,333 million euros compared to last year's 1,378 million euros, showing the impact the pandemic has had on the region, but also its resilience and growth potential.

Which country leads in CEE region?

Once again, Poland took first place on the podium in both categories – company (32.2% of all companies) and country rankings. Even though the pandemic had an impact on Polish companies (i.e. 161 Polish companies—2 less than last year), Polish businesses are the largest in the region with the average turnover of 1.6 billion euros. Moreover, aggregated revenues decreased by 0.1%, reaching 258.2 billion euros in 2020, while net profits declined by 20.6%. Poland is the most economically diverse country in the CEE region with the largest sector being minerals, chemicals, petroleum, plastics & pharma (both with a turnover of 21.6%), and the total number of companies (16.8%). Second place was taken by the Czech Republic with 15.4% of all the region's companies, represented by a total of 77 entities with an aggregated turnover of 102 billion euros. The automotive and transport sector is the biggest sector in this country with an aggregated turnover of 35.5 billion euros (34.8%) and a number of companies (24.7%). Third place goes to Hungary (13.6%), which contains 68 top companies in the whole region (5 less than previously though). The turnover of Hungarian companies declined slightly by 1.1%, however, net profits' loss reached

49.6%. Its top sector is automotive & transport businesses, which dominates the market with both turnover (22.7%) and the number of companies (23.5%). The top 3 countries are home to 61.2% of all of the companies on the list.

The three largest sectors generate almost 54% of total revenue

The three largest sectors, well known from the previous ranking's edition, are still leading, and generate almost 54% of all revenue. This year first place was taken by the mineral chemicals, petroleum, plastics, and pharma sector that has traditionally been the largest in the CEE Top 500 ranking. Despite a decrease in turnover, it became the largest sector with an aggregated revenue of 133.9 billion euros in 2020 and 89 companies (17.8%) in the sector. At the same time, the sector recorded the largest decrease in the number of businesses, which dropped by 8 companies in a single year. A drop of revenues of mineral chemicals, petroleum, plastics, and pharma companies (-16.6%) was milder than the slump of net profits (-60.6%).

The automotive and transport sector is in second place with 84 companies (16.8%, i.e. 5 less than previously). Revenues from automotive and transport companies decreased (-9.7%), whereas net profits dropped even more significantly (-61.3%). Due to Covid-19 restrictions, and the shortage of semiconductors in particular, the sale of new vehicles dropped by 13.8% worldwide with a slump of 20.2% felt in Europe. Nevertheless, automotive remains competitive in the CEE region and was already in a good position thanks to various investments from previous years. The non-specialized sector came in at third, represented by 70 companies (3 less than in the previous year). Poland, the biggest consumer market in the CEE region, is home to the biggest share (35.7%) and also the largest players: retailer Jeronimo Martins Polska and Eurocash.

According to Jarosław Jaworski, CEO of Central & Eastern Europe Region, "CEE growth was contributed by household consumption, which started to rebound in the second half of 2020 thanks to a good shape of labour markets. Increasing wages of employees and labor shortages promptly returned, exerting pressure on margins. That being said, turnover in the largest businesses in the industry rose to 102 billion euros (+9.6%; the highest increase among all sectors) while companies were also able to record higher net profits, however relatively modest (+2.7%)."

Two newcomers to the top 10

The top three companies in the CEE Top 500 ranking are well known from previous editions. PKN Orlen remains unbeaten at the top spot, however, its turnover dropped by 23% while it had increased by 1% in the previous year. Czech Skoda Auto took 2nd, and thanks to the increase of turnover, Jeronimo Martins moved up to third place. Most of companies in the top 10 recorded a lower turnover in the crisis year of 2020 compared to the prior year. Only two entities (Jeronimo Martins and PGE) were able to increase their revenues by 10% and 22%, respectively.

Some companies are worth a special mention here. Polish Also (wholesalers of computers, electronics, and software) came in at 124th, moving up a tremendous 345 places thanks to an increase in turnover of 194%. Hungarian Apcom (270th) moved up by 204 places as well as Amazon Fulfilment (250th), operating nine Amazon warehouses in Poland, which generated 64% higher revenues compared to the year prior and thanks to that it moved up 228 places in the ranking. The largest companies have been very important employers in the region. Although the pandemic's impact brought relief to the tight labor market, it turned out to be temporary. It is once again proving difficult to hire qualified staff in the CEE region. "Total staff numbers decreased just slightly by 1.0% in 2020" said Grzegorz Sielewicz, Coface CEE regional economist.



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