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NEWSLETTER VALIANS

Trends and opportunities in Eastern Europe

January 2020

VALIANS' Team wishes you a very happy and prosperous year 2020

The content of this newsletter is based on:

- The reports and market analysis of PMR (www.pmrpublications.com), leader in market analysis and publications in Eastern Europe, and partner of VALIANS INTERNATIONAL.
- Contacts and experiences of our team of consultants gathered during their different projects on a daily basis. You will find below an overview of the trends and opportunities on the markets gathered from their main players.

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Industry / Construction / Environment

Poland: Good prospects in the railway industry

A co-financing project should soon be signed and will provide a grant to PKP Intercity from PLN 700 M (€ 163 M) in 2019 to PLN 1 bn PLN (€ 0.25 bn) in 2022 and up to approximately PLN 3 bn (€ 0.7 bn) in 2029.



According to the objectives, the performance of passenger transport must double within ten years. In addition, this project aims to support the implementation of the rolling stock renewal strategy by replacing the old trainsets and locomotives. The operator will also have to buy 180 trainsets reaching a speed of 250 km / h to serve new connections planned within the framework of the project of the Central Airport (CPK). As a reminder, PKP Intercity and the National Center for Research and Development (NCBiR) are carrying out the InnoPKP program, where the objective is to develop a Polish version of the high-speed train. Source: DG Trésor

Czech Republic: Government approves ambitious 2050 investment plan

The Czech government has approved a National Investment Plan that includes 22,000 projects to be completed by 2050 at a total cost of eight trillion koruna (314 billion euros). “We have brought together, for our future governments, the major investment projects that we perceive as necessary,” said Prime Minister Andrej Babiš. “This plan should serve future prime ministers, ministers, governors, mayors and simply all public investors. And it should be the main engine of growth of the Czech economy in the future.” The plan mainly envisages investments in transport, with 31 billion euros dedicated to highway construction, 65 billion euros for rail modernisation and high-speed train. Projects will also include spending on cybersecurity and digitalisation and healthcare. Energy is also set as a priority and includes plans for the construction of two new blocs in the Temelín and Dukovany nuclear power plants. Source : Emerging Europe



Hungary: South Korea to invest over 200 million euros in automotive sector

South Korean investment in Hungary for this year is increasing to 900 billion forints (2.72 billion euros), which is unparalleled in the history of the Hungarian economy,” said Minister of Foreign Affairs and Trade Péter Szijjártó after a meeting with his South Korean counterpart Kang Kyung-Wha. “As a result, South Korea will be the largest investor in Hungary this year, accordingly, it is vitally important for Hungary to also be able to attract investment projects that include the most modern technology possible and create a large number of high added value jobs. Thanks to the South Korean automotive industry investment projects, in contrast to European and global trends, the performance of the Hungarian automotive industry has increased by 14 per cent in 2019. Source: Emerging-europe.com



On the field

Slovakia

The first skyscraper receives construction permit



The first skyscraper in Slovakia will be a 168-metre high residential tower that is part of the extension of the Eurovea development on the Danube embankment. The developer, J&T Real Estate, has already launched the sale of apartments with the price of the most expensive exceeding €6,000 per m2. (292 apartments have already been sold, i.e. almost 60 percent of the overall 488 apartments.) This is much more than the average price of apartments that stood at €1,849 per square metre at the end of July 2019, up 7.6 percent y/y according to the statistics of the National Bank of Slovakia and the National Association of Real Estate Agencies in Slovakia.

Eurovea retail centre’s expansion should be completed by December 2022, while apartments owners in Slovakia’s very first skyscraper will receive their keys mid-2023

Source : Europeproperty / spectator.sme

Retail / Food / Pharma / ITC

Poland: Poles eating more fish and seafood



The average Pole eats more than 12 kilogrammes of fish and seafood annually, according to a study by the Warsaw-based Institute of Agricultural and Food Economics. Pollock, herring and mackerel are the most popular varieties of fish among Polish consumers, the survey found. Although consumption of fish and seafood by Poles is rising, it is still just half the EU average, Poland's PAP news agency has reported. Consumers in Spain and Portugal eat the most fish in the EU, 46 kg and 57 kg per person per year respectively. Meanwhile, Hungarians, Romanians and Bulgarians eat the least fish of all EU members, from 5 kg to 7 kg per person per year, the Polish state news agency reported. *Source: PolskieRadio*

Romania: IT market volume reaches EUR 5.9 billion in 2019

A new study by ANIS, the Romanian Employers' Association of the Software and Services Industry, found that the local IT market will reach a volume of EUR 5.9 billion by the end of 2019, with around 78% of this figure consisting of exports. It's estimated that by 2022 the market volume of IT will reach EUR 7.3 billion, meaning a 25% yearly growth rate. Large companies with over 250 employees generate almost half of the total income – EUR 2.7 billion, while medium companies (50-249 employees) bring another EUR 1.2 billion. Small companies (under 50 employees) contribute with a significant EUR 2.1 billion, 35% of the total market volume. Another interesting stat shows how companies with foreign capital, which only make 10% of the total number of IT companies active in Romania, generate 73% of the market volume and have a sustained growth rate, around 12% per year. Romanian capital only generates 27% of the market volume and for the past 3 years IT companies with Romanian capital have been more sluggish in their growth rate. *Source: Business-review*



Hungary: New healthy fast food restaurant opens in Árkád

A new, healthy fast food restaurant called Yolo Bistro has entered the Budapest gastro scene this fall, opening an establishment in shopping mall Árkád, according to a press release sent to the Budapest Business Journal. The restaurant features an open-view kitchen, offering guests healthy meals within 15 minutes of ordering. "We wanted to open a restaurant unlike any other in Hungary," says chef Gábor Kiss. "Our menu features no fatty meats, we do not add sugar or flavour enhancers, but strive to use wholewheat and low-carb ingredients." The chef says that the bistro's dishes fit well into a diet, and that the establishment serves normal portions. "We do not operate like a fine dining restaurant in terms of quantity," he argues. Additionally, the plates, utensils, and takeaway boxes are all made out of environment-friendly materials. The owners of the restaurant are currently planning to open two more establishments in Budapest in the near future. *Source: Budapest Business Journal*



On the field

Czech republic

Average salary and household spending on the Rise



Average salary

The average monthly gross salary in the Czech Republic amounted to 33,697 crowns (1,316 euros) in the third quarter of 2019. This is an inter-annual increase of 6.9%, according to data published by the Czech Statistical Office (ČSÚ). When adjusted for inflation, the real-wage increase of 4%. The average amount has increased regularly since 2014.

Household spending

149,162 crowns (almost 5,900 euros), this is the amount spent, per person, by Czech households in 2019 according to the latest figures from the Czech Bureau of Statistics, which notes an increase in consumption of 3.4%. This amount corresponds to expenses related to food, housing, health, transport and education. Housing being the most important (23%) followed by food (19%)

Source : Czech Radio