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NEWSLETTER VALIANS

Trends and opportunities in Eastern Europe

March 2019

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.*

Industry / Construction / Environment

Hungary: Lufthansa Technik to set up HUF 43 bln service centre in Misko

German aircraft maintenance, repair and overhaul company Lufthansa Technik will set up a HUF 43 billion (EUR 135 million) service centre in Misko in north-eastern Hungary. Lufthansa Technik will repair aircraft parts at the base which will employ 400 people. The government is contributing to the investment with training support. *Source: Hungary Today*



Slovakia: Financial support to build low-energy houses



In January, the government approved to finance the project of the Ministry of Transports for the construction of homes with very low energy consumption. This financial support, which can be up to € 8,000 aims to encourage citizens to build energy-efficient houses using innovative building materials and processes. To be eligible for this fund, a house must be intended for individual and family

purpose with a maximum surface of 200m², equipped with thermal insulation and supplied with renewable energies. *Source: DG Trésor*

Poland: Wisniowski plans to double its production capacity and intensify export

Wisniowski, the leading manufacturer of gates, fences, windows and floors in Poland plans to double its production capacity in the coming year. In 2018, the company achieved a turnover of more than PLN 600 mln (€ 140 mln) for a profit of PLN 35 mln (€ 8.2 mln). Wisniowski is currently expanding and modernizing its plant following an investment of PLN 140 mln (€ 32 mln) decided in 2017. Wisniowski has just announced for its 30th anniversary a



new complementary investment of 157 mln of PLN (37 mln €) for the acquisition of new technological equipment, machine parks and production automation systems. The company will increase export and wishes to intensify its presence in Germany, France and Benelux. *Source: PulsBiznesu*

On the field

Poland

European alliance to develop electric batteries

Poland will join France and Germany in the European alliance to develop the production of electric batteries. This initiative is a part of a larger effort to create a new European strategy, much more proactive than the one that exists today, for a powerful, independent and autonomous industry. The French Minister of Economy and Finance, Bruno Le Maire, stressed the importance France attaches to strengthen its economic, financial and technological cooperation with Poland, as a “strategic nation for the future of the European construction”. He also said that Poland has “very concrete expertise and skills” in the field of battery recycling and it is in this sector that the country must participate in this common project. It will be a consortium of private companies, covering the entire industry, from basic research and extraction of raw materials to the installation of batteries on cars.

Source : Le Point



Retail / Food / Pharma / ITC

CCE: Strong potential for shared economy services

Slovaks use alternative forms of private accommodation or co-drive more than their closest neighbours in the region. While about 16% of Slovaks ordered private accommodation via internet in the past year, which is close to the European average, the shared drive was used by 8% of Slovaks. Slovaks mostly used the accommodation and transport shared-economy services offered by foreign platforms that operate in the country. In comparison, private accommodation were ordered via internet by only 5% of Czech and 13,4% of Hungarians, while 15% of Polish found their private accommodations on Airbnb and Couchsurfing. Meanwhile, shared transport service was used only by 2% of the population in Czechia, 3.1% in Hungary and 6.2% in Poland. As prices are increasing in all these countries and mentality is evolving, the use of share-services should grow in the coming years. Though, the share of these services in the economy is still relatively low, they have strong potential to grow in the future. *Source: The Slovak Spectator*

Czech Republic: Textile companies report continuous growth in sales

In 2018, Czech companies sold clothing, textiles and fibre worth CZK 56.5 billion (€ 2,2 billion), an increase by 3% on the previous year. With those numbers, the sector is therefore reported a growth in sales for the ninth consecutive year. This evolution is also combined with the fast increase of wages of the sector by 8,5% in 2018 and estimated by 7% in 2019. Despite the salary growth, the employment rate in the textile industry continues to drop, due to other industries offering better wages. This shortage of workers is forcing textile companies to invest more into automation. According to Hospodářské noviny, the textile company Juta is planning to invest tens of millions of crowns into automation this year. *Source: Czech.cz*



Romania: Drug sales up 13.8% in 2018



The total value of drugs sold to patients in Romania increased by 13.8% in 2018 compared to 2017, to reach RON 16 bln (EUR 3.44 bln), at distribution prices. The sales volume increased by 5.9%, to 612.7 million units, which suggests possible price increases or higher growth rates for more expensive drugs. The pharmaceutical company that ranked first in terms of sales was Abbvie, with over RON 1 bln (EUR 215 mln), followed by Sanofi with RON 809 mln (EUR 174 mln) and Merck&Co with RON 722 mln (EUR 155 mln). *Source: Romania Insider*

On the field

Poland & Czechia Soon 100% of contactless transaction

In the latest Visa report, popularization of contactless payment is a trend in Central and Eastern Europe: Poland, Czech Republic, Slovakia. According to Visa Data, more than 99.9% of payment terminals used in Poland support contactless payments. Poland will be the 1st country in the world that will achieve 100% acceptance for contactless transactions. In 2018, in Czech Republic, around 90% of payment terminals accepted contactless cards, and is expected to reach 100% in 2019. Over 70% of Czech expenditures paid by card was paid using contactless payment. Besides a survey results shows that 90% of Polish consumers, those who are making contactless payments, think that within 3 years they will pay with smartphone. Nonetheless, Poland has the lowest share of fraudulent transactions in the entire SEPA area. *Source: Think Apple / Radio Praha*



CONTACT

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More news about trends and opportunities in Central and Eastern Europe :

