Weekly News Review

Published by PMR Publications

Central Europe Retail Update

A prime source of market intelligence for retail professionals

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Companies in this issue:

Czech Republic

Market news

Czech retailers report improvement in shrinkage rate in 2010

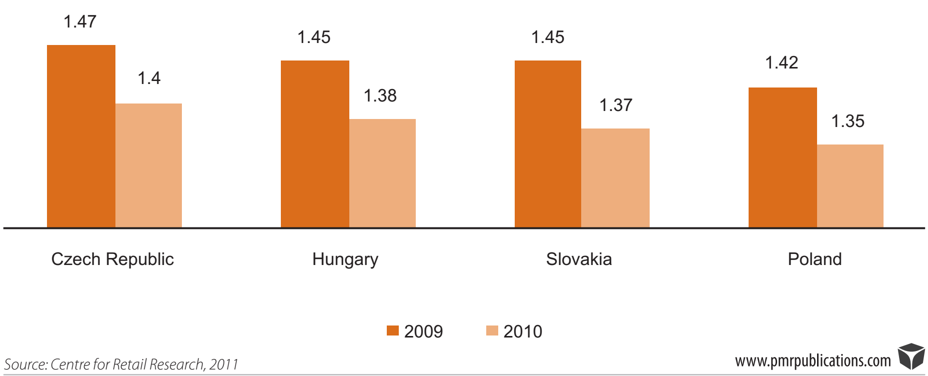
The shrinkage rate in the Czech Republic stood at 1.40% of total retail sales last year, according to an annual study by the Centre for Retail Research. This left the Czech Republic in 11th place on the list of countries covered by the study. It had the highest figure among the Central European countries, whereas Poland had the lowest: 1.35%. Nevertheless, the differences among the Central European countries were not substantial. The average shrinkage level for Central Europe was 1.37% during the period in question.

The shrinkage rate in the Czech Republic improved last year in comparison with 2009. This was also the case in the other Central European countries analysed, and in almost all of the other countries covered by the study. The general trend is based on the fact that, as economies around the world have begun to stabilise, retail shrinkage rates have also been reduced.

In numerical terms, the amount lost to shoplifting came to $437m in the Czech Republic in 2010. Among the four Central European countries analysed, Poland had the highest figure ($1.446bn), and the lowest was found in Slovakia ($168m). The overall shrinkage level in Europe was $41.030bn.

The study investigated results reported by 1,103 retailers in 42 countries between July 2009 and June 2010.

Shrinkage rates by country (as % of total retail sales), 2009-2010



Source: Centre for Retail Research, 2011

Record fall in Czech beer exports in 2010

The Czech Beer and Malt Association estimates that the Czech Republic recorded a significant, 12% year-on-year, reduction in exports of beer last year, to 2.9 million hl litres. This was the most significant reduction since 1993.

Last year's fall followed another, of 10.5% year on year, recorded in 2009. During that year, Czech breweries produced 19.9 million hl of beer in total, of which 3.3 million hl was exported.

Czech brewers blame last year's reduction on the economic crisis. In addition, more than 75% of exported bears are lagers, which are usually more expensive and whose sales therefore suffer more at times of crisis.

Some breweries, however, saw increases in sales last year. One example is Budejovicky Budvar, which is said to have achieved the most substantial export volumes for more than a century (please refer to the news story: "Budejovicky Budvar sees record exports" for more details).

Czechs prefer to pay cash on delivery

The majority of Czech consumers, 67%, consider cash on delivery to be the safest way to pay for products purchased in Internet stores, according to a survey published by the PayU internet payments platform. Banking transfers are the second-most trusted payment method and are also considered to be the fastest way to pay by 75% of the surveyed Czechs.

Last year, Internet businesses made sales of CZK 33bn (€1.4bn) on the Czech market. This is 22% or CZK 6bn (€247m) more than in 2009.

Retail news

Globus bases logistics in Prague

Globus, the owner of the **Baumarkt** hypermarket and DIY store network, unveiled that it will expand its logistics centre in Prague-Jirny. The company already occupies 43,000 m^2 in the logistic park and wants to increase the space by other 22,350 m^2 by the end of the year.

The building will serve as a Globus' national distribution centre for goods that demand storage in controlled temperatures. The centre can be expanded by a further 25,000 m^2.

The logistics centre will be built by ProLogis, which specialising in warehousesand logistics centre construction.

The ProLogis logistics park Prague-Jirny comprises six buildings with a combined area of 192,000 m^2. Among the park's clients are DHL, Toyota and THIMM Obaly.

Globus has 14 shops in the Czech Republic.

One-third increase in Alza.cz sales in 2010

Alza.cz, the largest Czech retailer of consumer electronic items and computers, has reported a 34% year-on-year increase in sales for 2010. Total sales for last year were worth CZK 5.608bn (€1.3bn). Furthermore, despite the unfavourable market situation, the firm exceeded its annual sales plan by more than CZK 0.5bn (€117m).

In 2010, Alza.cz processed 1,859,000 online orders, a 62% increase in comparison with 2009.

Alza.cz has been selling computers and electronic items since 1994.

Supplier news

KSK Bono obtains funding to build canning factory in Hermanice

KSK Bono, a Czech pet food company owned by **Mispol**, the well-known Polish producer of pasta and tinned meat, has signed a loan agreement with Komercni Banka for the construction of a canning factory in Hermanice nad Labem.

The amount of the loan is CZK 100m (€4.1m), and it is to be repaid by 31 December 2020.

The intention to build the factory was revealed by Miroslawa Achinger, Mispol's CEO, in December 2009, who also said that the construction process would last up to three years. At that time Mispol was also modernising its Polish plant in order to increase its production capacity.

Mispol acquired KSK Bono for approximately €9.5m in 2007. The transaction gave the Polish firm a foothold on the pet food market in the Czech Republic and Slovakia because of KSK Bono's extensive network of trade contracts on these markets; it also provided Mispol with additional production capacity. Its facility in Suwalki, in Poland, was not sufficient for this purpose.

The company's management considers the pet food market to be very promising and plans to focus on this area. At the end of 2009, pet food production under private label names accounted for 10% of Mispol's business, and the company was planning to increase the figure to 15%.

Budejovicky Budvar sees record exports

The Czech **Budejovicky Budvar** brewery has recorded the largest export volumes in its 100-plus year history. Exports increased by 4.3% year on year in 2010 to 604,791 hl of beer. Overall trends on the Czech market last year were negative, with beer exports falling by 12%. More than 80% of the exports fell to EU countries, especially Germany, Great Britain, Austria, Russia and Slovakia.

Beer sales to Germany, which is the company's biggest export markets, amounted to a record of 214,408 hl last year, which represented an increase of 4.7% year on year. Sales to Slovakia, which have been increasing since 2004, and have grown by almost half over the past six years, rose by 2.2% in 2010 despite the introduction of the euro. As for other countries in Central and Eastern Europe, Budvar enjoyed a significant sales increase to Poland, of 69%. Sales to Russia also hiked, by 20%, after a decline in 2009 caused by the devaluation of the rouble and "other anti-crisis measures", the company said.

Last year, the company commenced exports to India and recommenced selling to the Netherlands after a six-year halt.

K Brewery doubles sales

K Brewery, a group of small Czech breweries, unveiled that it doubled its sales record last year, Martin Burda, the group's biggest shareholder, revealed in an interview with *Tyden*.

The company ended 2010 with sales exceeding CZK 1.1bn (€45.2m). The firm, however, did not have any net profit, which Burda calls a success as the group closed 2009 with CZK 200m (€8.2m) in losses on CZK 600m in sales (€24.7m). This was mostly due to the heavy company investments in its own growth.

The company plans to start making profit in the years to come given positive trends on the Czech beer market. In 2010, the market is estimated to have shrunk by more than 10%, but Burda said that this has not significantly influenced small breweries. Rather, large international players were mostly affected, he stressed.

The members of K Brewery operate as independent legal entities with separate production activities located in the Czech regions, but have centralised trade, purchase, marketing and finance activities.

Hungary

Market news

Slight reduction in amount of mineral water consumed in Hungary in 2010

Per-capita mineral water consumption in Hungary stood at 109 litres in 2010, somewhat less than the 110 litres per capita of 2009, according to the Hungarian Mineral Water Association and Product Council (MASZT).

Producers sold 1.09 million litres of glass-bottled and 22 million litres of plastic-bottled mineral water in 2010. Carbonated mineral water generated 57% of total sales in 2010, whereas still mineral water accounted for 37% and slightly carbonated mineral water 6% during the year.

Of the sales of bottled drinks in Hungary, those of mineral water accounted for 93%, whereas 6% consisted of spring water and 1% of flavoured mineral and spring water.

Retail news

Three new shopping centres planned for Budapest this year

Three shopping centres are to be launched in Budapest in 2011: Europeum, Koki Terminal and Vaci 1. Between them they will add more than 90,000 m² to existing Budapest shopping retail area.

Europeum will take up 20,000 m², Koki Terminal 60,000 m² and Vaci 1 11,000 m². According to Anita Csorgo, of the Hungarian division of Colliers International, these are "smaller unit concept" centres, which reflect a trend of "cautious shop expansion" on the Hungarian retail property market. Ms Csorgo claims that 2010 saw the end of the fall in retail sales in Hungary, with demand stabilising, and that 2011 will be the year in which retail sales, particularly those of non-food products, will turn positive after five years of decline. The reduction in the personal income tax rate will probably boost spending in this market area. According to Ms Csorgo, retailers in Hungary made their operations more efficient last year, as rents were pushed down in almost all market areas, with more tenant-friendly conditions in most retail leases, along with a low base rent, break options and shorter fixed lease terms.

The developers of the three new centres agree on that the Budapest shopping centre market is already relatively saturated and that only those retail projects which offer extra value to customers stand a chance of success. The major prerequisites for success are a convenient location in the centre of Budapest or are established in the neighbourhood of main transport hubs.

Three Electro World stores at risk of closure in Hungary

About three of the 13 existing **Electro World** stores could close in Hungary because of liquidity problems, according to Csaba Polgar, the company's CEO, quoted by the daily *Vilaggazdasag*.

In 2009, Electro World, which has a network of 13 stores, was split into 13 different small companies, each assigned to one store of the Electro World network. The initial aim of this restructuring was to improve the financial standing/credit rating of these small companies, but so far only two of them have been granted a HUF 100m (€0.36m) bank guarantee, to enable them to increase their working capital. Meanwhile, one of the suppliers has petitioned for the bankruptcy of an ElectroWorld store because of serious delays in payment.

Mr. Polgar claims that the financial instability of Electro World stems from the substantial debts which the company inherited from its former owner, the British **Dixon Group**. The Electro World stores operated by the Dixon Group took up 4,000-6,000 m², vastly in excess of the area which a retailer can financially sustain at a time of crisis.

Spar suspected of misleading Hungarian consumers

The **Spar** retail chain in Hungary has been accused of selling cheese of German origin but bearing a product label which indicated traditional Hungarian products, according to agromonitor.hu.

The Hungarian Competition Watchdog (GVH) is investigating the case and will decide whether this action on the part of Spar Hungary could have mislead consumers. According to a Spar Hungary executive, the "cheeseland cheese" sold as a product of Hungarian origin is, in fact, produced by a plant in Hungary, which employs local staff and pays contributions to the Hungarian state.

Supplier news

Sales of mangalitza pork remain constant in Hungary

Despite the difficult economic circumstances, sales of low-cholesterol mangalitza have remained steady and were worth HUF 4-5bn (€14.5-18m) in 2010, according to MTI, which was quoting Peter Toth, the chairman of the Hungarian Mangalitza Association (NMSz).

Between 50,000 and 60,000 mangalitza pigs were slaughtered in 2010, 20,000 at large plants and 30,000 at small farms. In terms of volume, meat from mangalitza pigs accounted for about 2% of the pork processed in Hungary, but in terms of value this area of the market is of greater importance, as mangalitza costs about twice as much as meat from conventional breeds. Half of all mangalitza pork from Hungary is exported to Spain, Japan and other EU member states.

Omlos & Toth, the largest mangalitza meat producer, earned revenues of about HUF 1.5bn (€5.4m) in 2010, a 10-15% increase in comparison with 2009. Company executives expect revenue to increase to HUF 1.6bn (€5.8m). The company exports 65% of its produce, and most of this to Spain.

Mangalitza is the name of the three breeds of pig reared in Hungary.

■

Poland

Market news

Popularity of private label goods rapidly increasing in Poland

Goods offered under chains' private labels significantly increased their share in the Polish market in 2010, *Rzeczpospolita* reported. The sales of private label foodstuffs went up by around 18% in 2010, while the whole grocery market increased by 1.5%. In 2011, the growth of private labels may be even more intensive, as customers seek out the lowest prices.

According to Nielsen, in 2010, private label goods accounted for 10.8% of the basket of grocery products, or around PLN 15bn (€3.76bn). The main advantage of private labels is that such goods are 20-30% cheaper than their branded equivalents, although usually manufactured by recognised producers, and therefore not lagging in quality.

The popularity of private label products has been boosted mostly by discount chains like **Aldi**, **Biedronka** and **Lidl**. As much as 56.8% of the food products, and 67.5% of household chemistry products, in their stores are offered under private labels. By the way of comparison, the share of private label products in large supermarkets is 23.7% and 22.6%, respectively.

Likewise, **Rossmann**, a German cosmetics chain, offers a wide range of private label goods, which account for 40% of the chain's sales in Germany, and 22% in Poland. Large distributors like **Eurocash**, **Emperia**, **Delko** or **Makro** are also developing products from this segment of the market.

However, lower prices are not the only reason behind the popularity of private label products. For example, **Krakowski Kredens**, a brand created in 2007 by delicatessen chain **Alma**, offered good quality products, often hand crafted according to traditional methods, at relatively high prices. Nevertheless, sales of the products grew systematically until the company decided to establish a new chain of stores offering the goods. At present, Krakowski Kredens has 28 stores and the company intends to increase that number to 100.

Poles interested in local food products

Demand for regional food products is increasing in Poland, and producers of such products admit that they have observed a significant growth of interest, *Rzeczpospolita* reported.

To date, only 23 Polish products bear the Protected Designation of Origin and Protected Geographical Indication marks, out of around 960 products registered in the EU. The annual sales of such goods in the EU are estimated at around €14bn, but the value of the regional products market in Poland remains unknown.

According to Krystyna Just, the owner of **Semco**, a regional plant product producer from the Wielkopolska region, quoted by the newspaper, in 2010 the company sold 200% more of its Rydzowy oil (from seeds of the linseed plant) than in 2009. In 2011, the company intends to apply for a certificate for another one of its products – linseed oil, together with other producers of the oil.

Likewise, according to Stanislaw Madry, the owner of **Zaklad Masarski Madry**, which produces Lisiecka sausage, after registration of the product, sales of the sausage went up from 200 kg per week to 300-400 kg.

The growth of regional product sales is observed not only for certified products. In 2010, regional breweries reported 5-10% growth in sales, while sales for the beer branch as a whole decreased by around 1%. Large discount chains also realised that demand for such goods is growing. For example, the number of regional products in **Tesco** stores increased in 2010 by 105% compared to 2009.

Shortage of grain and flour driving bread and pasta prices upwards

The rising price of grain and flour is significantly increasing bread and pasta prices, according to *Gazeta Wyborcza*.

In August 2010, the price of one tonne of wheat went up from PLN 460 (€115.3) to PLN 780 (€195.5) per tonne, and the price of flour rose along with it. The price of bread and pasta reacted with a 20% and 40% increase, respectively. The situation then temporarily stabilised before another wave of price increases at the end of 2010, which carried over into the new year. During the first two weeks of January 2011 the price of one kilo of flour increased by 25% to PLN 1.32 (€0.34), which is forcing pasta producers to follow suit, according to Marek Dabrowski of the Polish Chamber of Pasta (PIM), quoted by the newspaper.

According to millers, with the current price of wheat at PLN 950 (€244.2) per tonne, flour needs to cost PLN 1.52 (€0.39) per kilo to make production profitable. Currently, bakers are holding off on raising prices as they wait until their current order agreements end. Once they sign new agreements, they will inevitably have to raise prices. Increasing production costs are adding fuel to the fire, and the whole situation may result in the price of a loaf of bread purchased in a store increasing up to even PLN 5 (€1.29) by May 2011, from PLN 2.50 (€0.62) in 2010, according to baker Kazimierz Czekaj from Krakow.

The shortage of flour is the effect of heat and flooding that affected Western and Central Europe in 2010. Also, the harvest in Russia was very poor in 2010 and totalled 66 million tonnes instead of the 100 million initially planned. As a result, the Russian government banned the export of flour, and up to now the ban has been maintained.

Retail news

GIF: Allegro's OTC section illegal

The Main Pharmaceutical Inspectorate (GIF) questions in its statement the legality of the sale of OTC medicines through **Allegro**, Poland's number one online-auction website. The intervention came days after the service launched a special pharmaceutical section allowing drug retailers to market OTC medicines to its users. As we have learnt from the head of GIF, Zofia Ulz, the arrangement falls foul of the Ministry of Health regulation on mail order sales of 14 March 2008, which stipulates that order forms may only be placed on the websites of drug retailers (pharmacies or pharmacy points), and not those of intermediaries; Allegro's order forms also do not meet some other specific requirements set forth by the regulation. Hence, the distribution mechanism adopted by Allegro is inadmissible under Polish law, and warns that the Pharmaceutical Inspectorate would take necessary steps if the practice continues.

Allegro has rejected GIF's claims. In an official statement, Allegro's lawyers argue that the GIF is wrong to classify the online company's role in this arrangement as that of intermediary. Instead, as with other items and product categories, the website acts as a "platform operator" facilitating contact between buyers and sellers. At the same time, Allegro said it has taken all the necessary steps to ensure that the status of seller in the new section is open only to authorised retail pharmacies with valid permits from their local pharmaceutical inspection. The GIF said, however, that it stood by its standpoint that the service violates the law.

It seems that permitting Allegro to launch its OTC section would not have a transforming effect on the Polish market for online drug retailing. In my view the main beneficiaries would be the biggest players in the sector, who already have a well-established position and whose websites attract millions of visits per month. By teaming up with Allegro they would gain an extra promotional vehicle.

Although Allegro's service would also create opportunities for smaller players by allowing them to distribute their products online without the expense of investing in their own websites and online ordering modules, it seems unlikely that they would be able to compete with the biggest online pharmacies on price, which appears to be the key factor determining purchasing decisions online.

It should also be noted that in contrast to other sectors whose products are marketed via Allegro, sales of OTC medicines through the auction website would be open only to brick-and-mortar pharmacies and pharmacy points, and not to purely online retailers, another reason why the impact would be limited.

Agnieszka Stawarska, Pharmaceutical Market Analyst, PMR Publications

New fast food chain to appear in Poland

Max, a Swedish fast food chain, intends to introduce 20-30 of its restaurants onto the Polish market. At present, the company is looking for and negotiating with potential partners and estimates that the franchise contracts will be signed in 2011 and the first restaurants will open in 2012, probably in large shopping centres in Warsaw.

In Sweden, Max operates 80 establishments. It emphasises the nutritional value of its products and therefore its prices are higher by several percent compared to its competitor, **McDonald's**.

McDonald's to keep up pace of development in Poland in 2011

McDonald's opened 23 new establishments in Poland in 2010, and plans on continuing with that pace of development in 2011.

The company's management did not reveal the exact plan for new openings in 2011, but director of corporate affairs Krzysztof Klapa, quoted by portalspozywczy.pl , admitted that the chain does not intend to slow down the pace of development in 2011. He added that the cost of opening a McDonald's restaurant is estimated at between PLN 6m (€1.6m) and PLN 6.5m (€1.7m).

At present, the chain is comprised of 258 restaurants, including 115 establishments operated via a franchise model. The company operates 183 McDrive drive-throughs and 34 McCafe cafe bars, while six establishments are located at motorway travel service points (MOP).

TK Maxx to continue expansion in Poland

TK Maxx, a British chain offering brand name clothing and home accessories at discount prices, intends to continue an intensive program of new openings in Poland in the spring of 2011.

The company will open establishments in the Batory retail park in Bydgoszcz, the Galeria Piast shopping centre in Szczecin, and also in Czestochowa, Radom and Zabrze. The areas of the new stores will take up between 1,600 m² and 2,300 m². The exact dates of the openings have not yet been revealed.

At present, TK Maxx operates seven stores in Poland: two in Warsaw and one each in Bielsko-Biala, Czeladz, Lodz, Poznan and Wroclaw.

Supplier news

Kompania Piwowarska still leader on the Polish beer market

In 2010, **Kompania Piwowarska** (KP), the largest beer producer in Poland, sold 14.2 million hl of beer, around 400,000 hl, or 3%, less than in 2009. Nevertheless, the company managed to comfortably keep its leading position on the Polish beer market.

The producer of the Tyskie, Zubr and Lech brands, among others, estimates that total beer consumption in Poland decreased by 0.3% to 34 million hl compared to 2009.

KP's share of the market went down by 1 p.p. to 41.6%, although it is still 10 p.p. ahead of runner-up **Grupa Zywiec**. KP expects an increase in beer sales in 2011, although growth may be slowed by the VAT rise, which will negatively impact consumers, according to the company.

Romania

Retail news

Carrefour's 2010 sales fail to match those of 2008

Despite the constantly rising number of stores in Romania, **Carrefour**, the largest hypermarket operator in the country, did not succeed in increasing its revenues over the last two years. The company earned €1.13bn in 2010, a 0.4% reduction in comparison with the previous year and 5% less than 2008, its record year in Romania in terms of sales. With 15 stores more in 2010 than in 2008, representing an investment of about €60m between them, Carrefour did not succeed in matching its 2008 sales level last year.

In 2010, Carrefour opened 10 supermarkets and one hypermarket, the latter in the city of Drobeta-Turnu Severin, in south-western Romania. On the other hand, the company closed three supermarkets in the country in 2010, one each in Hunedoara, Baia Mare and Turda, as part of its strategy of optimising its operations. Carrefour had 55 stores on the Romanian market at the end of 2010, of which 23 were hypermarkets and 32 supermarkets.

In 2011, the company plans to open two hypermarkets in Romania, one in the Botosani Shopping Center in Botosani and another in the Colosseum shopping centre in Bucharest. The latter is due to open in 2011.

The average amount invested in a Carrefour supermarket is €1.5m and that in a hypermarket €20m, according to *Ziarul Financiar* estimates.

Profi to open store in Adjud, Romania

The discount retailer **Profi** is planning to open its 83rd store in Romania, in the town of Adjud, in the county of Vrancea, by the end of January 2011. The outlet will take up 816 m², and the store will have 582 m² of GLA.

Profi sells 4,000 items of foodstuffs, household and hygiene products. It is run by the **Profi Rom Food** group, which was established in 1999.

Auchan Romania increases social capital

The hypermarket chain **Auchan Romania** is planning to increase its social capital by RON 80m (€18.6m), in accordance with a decision made by the firm's shareholders at the end of last year. The increase in capital will be carried out by means of the issue of 800 million shares worth RON 0.1 (€0.02) each. As a result of the increase, the company's registered capital will reach RON 185.6m (€43.3m).

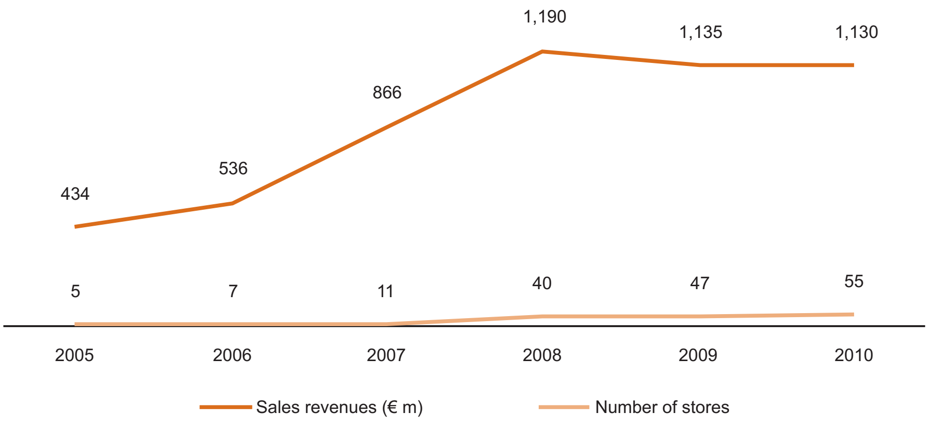
Auchan has seven stores on the Romanian market and has announced its intention to open another five hypermarkets by the end of 2012. One will be located in a shopping centre, which Auchan will build in cooperation with **K&S Developments**, on the site of the former Electroputere railway carriage factory in Craiova. The amount invested in this project, €90m, will substantially exceed the average investment in one Auchan outlet in Romania, which is €15-30m.

In 2009, Auchan Romania earned revenues of RON 1.5bn and had 20.7 million customers.

Kika to open two more stores in Romania

Kika, an Austrian furniture retailer, is planning to begin construction work on its sec-

Sales revenues vs. number of stores of Carrefour Romania, 2005-2010



Note: number of stores for the years 2008-2010 include Carrefour Market supermarkets
Source: Carrefour, Ziarul Financiar, 2011

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ond store in Romania in the spring of 2011, in the city of Constanta, on the Black Sea coast. The amount to be invested in this shop is estimated to be approximately €30-35m and it is due to open at the beginning of next year.

In addition, the company is searching for space for another store in Bucharest, according to Lars Lund, the country manager of Kika Romania.

Kika opened its first Romanian store in Bucharest at the end of 2008. This represented an investment of €31m. The outlet takes up 27,000 m² in total, with 15,000 m² of GLA and 12,000 m² of warehouse space. Lund claims that the proposed two outlets which Kika plans to open in Romania, in Constanta and Bucharest, will be smaller, with GLA of up to 10,000 m² each.

He expects Kika sales in Romania to increase by 7% year on year in the financial year which ends on 31 March 2011. The weak growth of the company's sales during this financial year was hampered by the VAT increase in 2010, the limited purchasing power in the country and an increase in profit tax. Kika earned sales revenues of €11.7m and made a loss of €4m in 2009, its first full operational year on the Romanian market.

bam boo stores insolvent

Andromede Decor, the operator of the **bam boo** gifts and decorations store chain in Romania, has become insolvent. The chain's total debt reached RON 9.2m (€2.17m) at the end of 2010, according to data from the Romanian Finance Ministry.

The chain, which was established in 2003, consists of 22 outlets, 10 in Bucharest and 12 in other cities in the country. The retailer plans to continue its operations by reorganising the bam boo business.

In 2010, bam boo had more than 4 million visitors, which led to revenue in excess of RON 36m (€8.6m). This was less than that of 2009, when the figure came to RON 40.7m (€9.6m), but the loss made was RON 1.3m (about €300,000).

Andromede Decor is owned by Eustratiades Paillard Philippe Marc Patrick, who holds a 40% stake, and the US-based **Imex International Invest**, which owns 60%, according to data from the Romanian trade registry.

Mobexpert increases capital but expects revenue to stagnate in 2010

Mobexpert, a Romanian furniture retailer which operates 53 stores in the country, expects its sales revenue in 2010 to match that achieved in 2009, when the figure was €115m.

Meanwhile, the retailer has increased the capital of its stores in the Berceni, Pantelimon and Militari districts of Bucharest by a total combined sum of RON 11.9m (€2.8m), according to the *Official Gazette*.

The Mobexpert store in Berceni opened in February 2010. It represented an investment of €4m and takes up 10,200 m². The outlet in Pantelimon was officially opened in 2003, with €6m being invested. In 2009, the store earned revenue of RON 26m (€6.2m) and made a loss of RON 200,000 (€40,000).

The Mobexpert outlet in Miliatri opened in 2003. It achieved sales worth RON 22.3m (€5.3m) and made a loss of RON 800,000 (€200,000) in 2009.

The Romanian furniture market is estimated to be worth approximately €1bn. Its value was reduced by 15-20% in 2010 in comparison with the previous year, according to *Ziarul Financiar* estimates based on data from market players. Mobexpert's main competitors in Romania include **IKEA**, **kika**, **Elvila**, **Neoset**, **Staer** and **Lemet**.

Benvenuti on even keel in 2010

The year 2010 appeared to be better for the Romanian **Benvenuti** footwear retailer than 2009. According to the company's owner, Dan Pavel, last year the company "earned enough" to cover its losses in 2009. The company posted losses of RON 1.8m (€420,000), while its revenues reached RON 35.2m (€8.3m). According to Pavel, the 2010 revenue was similar to the 2008 figure of about €11.7m. In 2008, the company's profit was €810,000. However, Pavel would not say whether similar profit levels were seen in 2010.

For 2011, Pavel expects a slight increase in revenue compared to last year.

The positive performance in 2010 was made possible thanks to a cost-cutting strategy, particularly in the marketing budget, and laying off 20% of the company's personnel to 245 employees. Moreover, the company slowed down its pace of expansion in 2009, adding only one store to its 33-outlet chain on the Romanian market.

Benvenuti does not have a production facility in Romania and does not plan to open one, Pavel said.

LPP Fashion closes shops in Bucharest's Vitantis shopping centre

The clothing retailer **LPP Fashion**, the owner of fashion stores such as Reserved, Cropp Town and House, has annulled its leases on two retail areas in the Vitantis shopping centre in Bucharest. The retailer is currently looking for alternative locations for its Reserved and Cropp Town stores.

On 13 January 2011, the owners of Vitantis petitioned the Bucharest Municipal Court in pursuit of the insolvency of LPP Fashion. This was because of rent arrears accumulated by LPP, which argued that the rent was too high. According to unofficial market reports, the relationship between the owners of LPP and Vitantis is also at a low ebb.

After the closure of the two stores in Vitantis, LPP Fashion now has 12 stores on the Romanian market.

Cocor shopping centre makes profit in first months after reopening

Cocor, the owner of the Cocor Department Store shopping centre in downtown Bucharest, saw revenues of €1.88m (RON 8.4m) and operational profits of €630,000 (RON 2.8m) in Q4 2010.

The centre reopened in October 2010 after reconstruction works, which represented an investment of €24.5m, according to Dan Barbulescu, the board president of the company. The project has a GLA of 10,000 m².

In 2011, Cocor expects revenues to increase by 54% to RON 31.09m, while the net operational profit in 2011 is expected to jump by 14.4% to RON 7.16m (€1.7m).

Cocor's main shareholders are **SIF Transilvania** (10%), **SIF Muntenia** (10%), **Broadhurst Investments** (13%), and Daniel Stoica (14%) and Liviu Ursan (14%).

Former Diverta CEO joins distribution company

Emilia Canea, the former CEO of the **Diverta** bookstore chain, is now the commercial director of **Pamimai Distribution**, a company which distributes cigarettes and prepaid cards, and is owned by her brother, Mircea Oprescu. One of her first tasks in the new position is to develop a new business line for the import and distribution of toys.

Pamimai Distribution was established in 2000 and specialised originally in the distribution of foodstuffs and beverages in the towns of Videle and Teleorman. In 2004, the company became the exclusive distributor of the cigarette manufacturer **Gallaher** and started to operate on a regional basis. In 2007, when Gallaher was taken over by **Japan Tobacco International** (JTI), it became JTI's distributor in Romania. In 2008, the company began to distribute prepaid mobile phone cards for the largest mobile operators on the Romanian market: Orange, Vodafone and Cosmote.

Supplier news

Increase in 2010 sales of United Romanian Breweries Bereprod

The beverage manufacturer **United Romanian Breweries Bereprod** (URBB) has reported a 7% increase in sales in terms of volume and 3% in terms of value for last year in comparison with 2009. The manufacturer's best-selling brands were the beers Skol, Tuborg and Guinness, and the juice Granini.

The company expects a 10% increase in terms of volume in 2011, supported by the expansion of its production unit in Bilbor, in which it is planning to invest €4m.

2010 was also the first year in which URBB launched its first products on the Romanian mineral water market. It sold about 8 million bottles of Bilbor mineral water last year.

SABMiller sales stagnate in Romania in October-December 2010

SABMiller Romania's sales volume stagnated in November-December 2010, amid a declining market, compared to the same period in the previous year.

The company said that sales in its three biggest European markets stagnated during the reporting period. In Central and Eastern Europe, sales volumes in Poland were level year on year in a market where volumes are beginning to stabilise, while sales in the Czech Republic and Russia decreased 7% on each market.

SABMiller is operating on the Romanian market through the **Ursus Breweries** beer producer, which has four breweries in the country, one in Timisoara, Cluj-Napoca, Buzau and Brasov. In 2009, the company took over the **Bere Azuga** brewery. In November 2010, Ursus Breweries decided to shut down its factory in Cluj-Napoca due to the factory's high operational costs and the sales drop on the domestic beer market.

Cigarette producers raise prices in Romania

The three largest tobacco manufacturers in Romania in terms of sales revenues, **Japan Tobacco International** (JTI), **Philip Morris** and **British American Tobacco** (BAT), increased cigarette prices in January 2011 by RON 0.3 (€0.07) per packet. They claim that the rise is a result of the most recent general increase in production costs. According to Philip Morris, about 80% of the price of cigarettes sold in Romania is accounted for by tobacco excise duty and VAT.

The cigarette black market accounted for 24.4% of the overall Romanian tobacco market in September 2010.

Spice factory to open in Alba Iulia

The Romanian-owned food ingredient producer and distributor **Supremia Grup** is planning the official opening of a spice factory in the city of Alba Iulia by the end of January 2011. The construction process commenced in 2008. The amount invested in the factory is estimated to be approximately €9m.

The spices which the firm plans to produce in Alba Iulia are used in meat processing, and also by dairies and bakeries. The new factory is expected to create 200 jobs.

Supremia Grup was established in 2000.

Clujana to re-enter Russian footwear market

The Romanian footwear manufacturer **Clujana** is in negotiations on the subject of exporting its products to Russia this year. Prior to 1989, Clujana had a constant presence on the Russian market.

The company is also planning to enter other Eastern European markets, but has not named specific countries, after its successful exports to foreign markets such as France, Italy and Germany last year.

Clujana has about 400 employees. Its main shareholder is Cluj City Council, which has a 98% stake.

■

Slovakia

Market news

Less tax revenue than expected from beer and spirits in Slovakia in 2010

Sales of spirits and beer were less substantial than expected on the Slovak market in 2010, and this resulted in a reduction in government revenue from excise duty on these products, according to Slovak Finance Ministry data.

Under the previous government, the Finance Ministry in Slovakia had hoped in 2010 to pull in more than €270m from duty on beer and spirits. The final figure fell €10m short of this. Spirits were expected to generate tax revenue of €212m, but in the end the figure was 6.4% less. Last year beer was expected to generate €60m, but the actual sum was 3.7% less.

According to the Slovak Beer and Malt Association (SZVPaS), this unexpected result could have been caused either by a reduction in beer consumption or a move by consumers away from 12% proof beer to 10%. With regard to spirits, the Association of Spirit Producers in Slovakia believes that last year's increase in excise duty on spirits in March 2010 probably had an adverse effect on consumption. The Association suspects that in the latter case the official statistics might be not representative, as people could have switched to smuggled or home-made spirits.

In mid-2011, the ruling coalition intends to introduce an even higher rate on beer than that planned by the previous government. The last attempt to lift the tax was blocked by Christian Democrats from the ruling KDH party, who were supported by the Beer and Malt Association, in December 2010.

Retail news

Improvement in sales of largest retail chains in Slovakia in 2010

The combined sales revenues of the 10 largest retailers in Slovakia increased by almost 6% in 2010 in comparison with the previous year, according to fresh data from the research agency Terno. Whereas in 2009 the ten largest retailers in Slovakia earned combined revenues of €3.6bn, last year this figure had reached €3.8bn.

However, last year the sales of these retailers in Slovakia were still modest in comparison with the years before the economic crisis. In 2008, the joint sales revenues of the most prominent retail chains in Slovakia came to €4.1bn.

In 2010, there was still a major gap between the largest player on this market, **Tesco Stores**, and the remainder of the top ten. Tesco's sales were worth more than twice those of **Billa**, the second largest retailer in Slovakia. However, it was Billa which was assessed as the retailer which had most comprehensively strengthened its market position in 2010, and which had thus become the largest specialist food retailer in Slovakia.

Most of the largest retail chains saw an improvement in their sales in 2010. The only exception was **Ahold**, whose sales revenues dipped in 2010, and **CBA Slovakia**, whose revenues stagnated.

Kaufland planning new store in Bratislava

The **Kaufland** retail chain is planning to build a new store in the Mlynska Dolina district of Bratislava. The outlet will have more than 3,800 m² of GLA. **Roxy Invest**, the company investing in this project, is planning to begin the construction work in June 2011 and to complete it before the end of this year. The total amount invested in this project is expected to reach €6.8m.

Kaufland has plans to open another three stores, in the Banska Bystrica region of Slovakia, in 2011. The retailer already has the required building permit for the construction of the outlet in Ziar nad Hronom.

Kaufland has 40 stores in Slovakia, at which it employs approximately 3,500 people.

Increase in Nay sales revenues in 2010

The sales revenues of the **Nay** electronics retail chain grew by 3.8% to €181.2m in 2010.

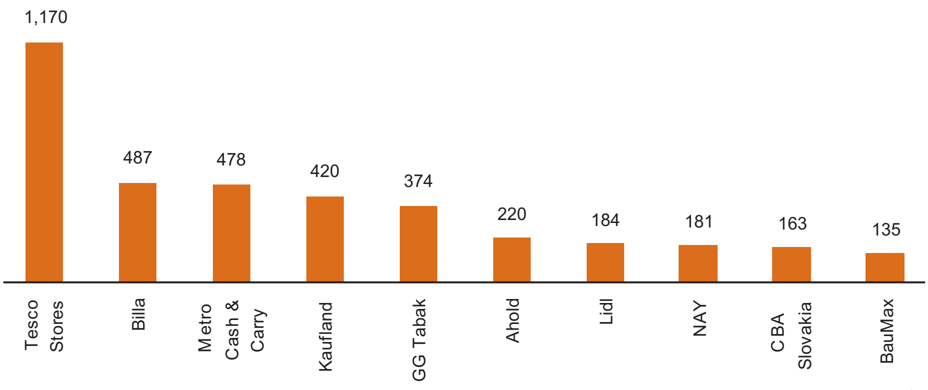
The company has been operating on the Slovak market since 1991. In 2005 **Enterprise Investors** acquired a 48% stake in the retailer for €17.5m. Nay operates a chain of 25 stores in 22 towns and cities in Slovakia and two shops in the neighbouring Czech Republic.

Supplier news

Panasonic planning to lay off 90 people in Slovakia

Panasonic Electronic Devices Slovakia intends to make 90 of the 515 people employed at its factory in Stara Lubovna redundant. The company claims that this is because of a reduction in the number of orders for analogue tuners for television sets. The news came a week after **Foxconn** and **Samsung** announced that they were increasing the production of sets in Slovakia, something which

Ten largest retailers in Slovakia by sales revenues (€ m), 2010



Source: Terno, 2011

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we covered in a previous issue of *Central Europe Retail Update*.

The number of orders Panasonic has for 2011 has fallen by 48% in comparison with 2010. This is because many of Panasonic's customers have decided to produce their own tuners as part of the main panel of TV sets, reflecting the digitalisation of television broadcasting and the gradual replacement of analogue tuners by their digital equivalents, which are easier to manufacture.

However, Panasonic is expanding in other areas at its Stara Lubovna plant, namely the production of modules for wireless communications and the processing of modules for digital signals in cars. The company is also preparing to launch several new products, for the car and energy industries, at the factory.

Panasonic will, in cooperation with other institutions, provide legal support, along with assistance in finding new employment, for those made redundant.

Panasonic Electronic Devices was founded in Slovakia in 1997. At present, it has two production facilities in the country, in Stara and Trstena Lubovna.

Declining sales and losses for Levmilk in January-September 2010

The Slovak milk processor **Levicke mliekarne** (Levmilk) earned sales revenues of €16.4 between January and September 2010, a 14.3% year-on-year reduction in comparison with the year before, when the company's sales were worth €19m. Between Q1 and Q3 2010 Levmilk made a loss of €446,000, in contrast to a profit of €111,000 during the equivalent period in 2009.

Levicke mliekarne was set up in 1992 as the successor of the state-owned company Milex Levice. Today 85% of the company is owned by the firm **United Industries**, which is based in Bratislava. The remainder is owned by the companies Multicredit finance Zilina and Global Pacific West Bratislava.

In brief

Czech Republic

- Last year, the fruit crop in the Czech Republic was the lowest since 1990. The 32% drop put the harvest figure at 121,019 tonnes, the Czech Fruit Growers Association reported. The figure was even lower than the poor 2007 harvest of 143,469 tonnes. In addition to increased prices for end consumers, the drop will hit manufacturers and increase fruit imports, such as fruit-made products like Czech liquors.

- The **Kanzelsberger** book-selling chain opened its 40th shop on the Czech market in the centre of Jesenik. The store has area of 100 m^2. Additionally, the company will launch an online store this spring. Kanzelsberger was established in 1990. Its store network is located in the 28 biggest cities in the Czech Republic.

Poland

- In December 2010, the **Switalski & Synowie** development company changed its name to **Czerwona Torebka**. The change reflects a new strategy of building a chain of shopping centres under the same name. The modern complexes are to be located nationwide.

- **Zolty Cesarz**, an organic food retailer, intends to open 12 new establishments in H1 2011. The company also plans to launch a supermarket. At present, the chain is comprised of two stores in Warsaw, and one each in Krakow, Gdynia and Grudziadz, while a new establishment in Piaseczno is scheduled to open in the near future.

- **Zelmer**, a Polish small household appliances producer, has established two subsidiaries: **Zelmer Market** will be responsible for commercial activity, while **Zelmer Pro** will lead the production segment of the company.

- **PolRest**, restaurant chains operator, appealed against a court decision on bankruptcy of the company. The company debuted on the stock exchange in 2007. However, the financial situation of the operator had been gradually deteriorating and the court issued a decision on bankruptcy in December 2010.

- The **H&M** clothing chain is to open its store in the Galeria Porto 55 shopping centre in Elblag. The centre is being built by Danish developer **Sjaelso Poland** and **Mallson Poland** is responsible for the its commercialisation. As one of the anchor tenants, the company will lease 1,400 m^2 on two levels of the shopping centre.

- Stephane Tikhomiroff took over the chief marketing officer position at chocolate producer **Wedel**. Before the change, Tikhomiroff was vice president of sales and marketing at **Scandinavian Tobacco Polska**, and has also worked for **Nestle** and **Winiary**. He replaced Anna Telakowiec, who moved on to **US Pharmacia**, where she will be marketing director for Central Europe.

- Marek Sypek became the new chairman of **Agros Nova**, a food and beverages producer. Mr. Sypek replaced Robert Niewiadomski, who resigned from his position after the acquisition of the company by **IK Investment Partners** in August 2010.

Romania

- More than 10% of Romanian internet users bought clothes online in December 2010, according to **Okazii.ro**, the most prominent online retail website in Romania. It estimates that online sales of clothing products in Romania will triple by the end of 2011. In 2010, Okazii.ro sold 70,000 items of sports footwear and 50,000 pairs of jeans.

- On 14 January 2011, a new supermarket belonging to the **Mega Image** chain opened in Bolintin Vale, in the county of Giurgiu. The outlet is the 73rd Mega Image store in Romania and takes up more than 650 m^2.

Data sheet

CEE data

Retail sales in the Czech Republic, Hungary, Poland, Romania and Slovakia (%, y-o-y), October 2010

Czech Republic	Hungary	Poland	Romania	Slovakia
-2.3	-0.7	9.0	-7.6	-3.7

Retail sales in the Czech Republic, Hungary, Poland, Romania and Slovakia (%, y-o-y), November 2009-November 2010

	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep10	Oct 10	Nov 10
Czech Republic	-5,0	-1,2	-6,0	-3,9	-0,9	-6,9	-2,7	-0,2	-1,8	-0,1	1,2	-2.3	0.8
Hungary	-7.8	-7.5	-5.6	-4.3	-4.0	-5.0	-4.7	-4.6	1.7	0.0	0.9	-0.7	nd
Poland	6.3	7.2	2.5	0.1	8.7	-1.6	4.3	6.4	3.9	6.6	8.6	9.0	8.3
Romania	-9.0	-8.5	-12.4	-8.2	-2.2	-5.8	-2.2	4.6	-8.8	-1.9	-2.2	-7.6	nd
Slovakia	-9.8	-9.2	-2.9	-2.9	0.2	-5.4	-3.1	1.0	-1.6	-1.8	-1.8	-3.7	-3.1

nd - data not available in a given country or data not yet published
Source: CSU, KSH, GUS, INSSE, SUSR, 2010

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CPI in the Czech Republic, Hungary, Poland, Romania and Slovakia (%, y-o-y), November 2009-November 2010

	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Czech Republic	0.5	1.0	0,7	0.6	0.7	1.1	1.2	1.2	1.9	1.9	2.0	2.0	2.0
Hungary	5.2	5.6	6,4	5.7	5.9	5.7	5.1	5.3	4.0	3.7	3.8	4.2	4.2
Poland	3.3	3.5	3.5	2.9	2.6	2.4	2.2	2.3	2.0	2.0	2.5	2.8	2.7
Romania	4.7	4.7	5.2	4.5	4.2	4.3	4.4	4.4	7.1.	7.6	7,8	7.9	nd
Slovakia	0.4	0.5	0,4	0.4	0.8	1.3	1.2	1.0	1.1	1.0	1.1	1.0	1.0

nd - data not available in a given country or data not yet published
Source: CSU, KSH, GUS, INSSE, SUSR, 2010

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Basic macroeconomic & retail market indicators of the CEE, 2009-2010

			2009	Year-to-date		Latest data	
Czech Republic	GDP	%, y-o-y	**-1.5**	Q1-Q3 2010	**nd**	Q3 2010	**2.8**
	Private consumption	%, y-o-y	**-0.2**	Q1-Q3 2010	**1.6**	Q3 2010	**3.3**
	CPI	%, y-o-y	**1.0**	Jan-Dec 2010	**nd**	Dec 2010	**2.3**
	Food and non-alcoholic beverages	%, y-o-y	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**5.6**
	Alcoholic beverages and tobacco	%, y-o-y	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**5.3**
	Clothing and footwear	%, y-o-y	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**-3.2**
	Restaurants and hotels	%, y-o-y	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**2.4**
	Unemployment rate (registered)	%, e-o-p	**6.6**	Q1-Q3 2010	**7.2**	Q3 2010	**7.2**
	Wage (national economy)	€, gross	**867.0**	Q1-Q3 2010	**928.7**	Q3 2010	**942.3**
	nominal	%, y-o-y	**5.2**	Q1-Q3 2010	**2.3**	Q3 2010	**2.0**
	real	%, y-o-y	**4.8**	Q1-Q3 2010	**2.0**	Q3 2010	**0.1**
	Employment in retail	'000, e-o-p	**485.2**	Q1-Q3 2010	**481.8**	Q3 2010	**481.8**
	Salaries in retail	€, gross	**854.5**	Q1-Q3 2010	**853.1**	Q3 2010	**867.0**
	Salaries in retail, change	%, y-o-y	**0.8**	Q1-Q3 2010	**1.4**	Q3 2010	**1.6**
	Consumer confidence	points	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**-9.3**
	Retail confidence	points	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**10.7**
Hungary	GDP	%, y-o-y	**-6.3**	Q1-Q3 2010	**0.9**	Q3 2010	**1.7**
	Private consumption	%, y-o-y	**-7.5**	Q1-Q3 2010	**-4.3**	Q3 2010	**1.2**
	CPI	%, y-o-y	**4.2**	Jan-Dec 2010	**4.9**	Dec 2010	**4.7**
	Food	%, y-o-y	**4.4**	Jan-Dec 2010	**3.2**	Dec 2010	**6.7**
	Alcoholic beverages and tobacco	%, y-o-y	**7.5**	Jan-Dec 2010	**8.2**	Dec 2010	**3.4**
	Clothing and footwear	%, y-o-y	**0.5**	Jan-Dec 2010	**-0.4**	Dec 2010	**0.7**
	Services	%, y-o-y	**4.6**	Jan-Dec 2010	**4.3**	Dec 2010	**2.8**
	Unemployment rate (registered)	%, e-o-p	**9.8**	Jan-Nov 2010	**nd**	Nov 2010	**10.7**
	Wage (national economy)	€, gross	**709.3**	Jan-Nov 2010	**735.3**	Nov 2010	**776.7**
	nominal	%, y-o-y	**0.5**	Jan-Nov 2010	**2.0**	Nov 2010	**-1.2**
	real	%, y-o-y	**nd**	Jan-Nov 2010	**nd**	Nov 2010	**nd**
	Employment in retail	'000, e-o-p	**345.4**	Jan-Nov 2010	**343.5**	Nov 2010	**343.6**
	Salaries in retail	€, gross	**622**	Jan-Nov 2010	**675.7**	Nov 2010	**703.2**
	Salaries in retail, change	%, y-o-y	**2.0**	Jan-Nov 2010	**6.4**	Nov 2010	**5.4**
	Consumer confidence	points	**-17.5**	Jan-Dec 2010	**-30.8**	Dec 2010	**-24.1**
	Business confidence	points	**-8.5**	Jan-Dec 2010	**-7.9**	Dec 2010	**-1.4**
Poland	GDP	%, y-o-y	**1.8**	Q3 2010	**4.2**	Q3 2010	**4.2**
	Private consumption	%, y-o-y	**2.3**	Q3 2010	**3.5**	Q3 2010	**3.5**
	CPI	%, y-o-y	**3.5**	Jan-Nov 2010	**2.5**	Nov 2010	**2.7**
	Food and non-alcoholic beverages	%, y-o-y	**4.1**	Jan-Nov 2010	**2.6**	Nov 2010	**4.3**
	Alcoholic beverages and tobacco	%, y-o-y	**9.4**	Jan-Nov 2010	**5.4**	Nov 2010	**3.8**
	Clothing and footwear	%, y-o-y	**-7.4**	Jan-Nov 2010	**-3.9**	Nov 2010	**-3.0**
	Restaurants and hotels	%, y-o-y	**5.1**	Jan-Nov 2010	**3.3**	Nov 2010	**2.9**
	Unemployment rate (registered)	%, e-o-p	**11.9**	Jan-Nov 2010	**11.5**	Nov 2010	**11.5**
	Wage (national economy)	€, gross	**717**	Jan-Sep 2010	**nd**	Sep 2010	**795.8**
	nominal	%, y-o-y	**5.5**	Jan-Sep 2010	**nd**	Sep 2010	**2.9**
	real	%, y-o-y	**2.1**	Jan-Sep 2010	**nd**	Sep 2010	**0.8**
	Employment in retail	'000, e-o-p	**547**	Jan-Nov 2010	**554**	Nov 2010	**556**
	Salaries in retail	€, gross	**696**	Jan-Nov 2010	**617.5**	Nov 2010	**623.1**
	Salaries in retail, change	%, y-o-y	**3.8**	Jan-Nov 2010	**2.1**	Nov 2010	**3.7**
	Consumer confidence	points	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**-18.0**
	Retail confidence	points	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**-2.0**
Romania	GDP	%, y-o-y	**-7.1**	Q1-Q3 2010	**-1.9**	Q3 2010	**-2.5**
	Private consumption	%, y-o-y	**-10.8**	Q1-Q3 2010	**-1.9**	Q3 2010	**-1.0**
	CPI	%, y-o-y	**5.6**	Jan-Oct 2010	**nd**	Oct 2010	**7.9**
	Food	%, y-o-y	**3.3**	Jan-Oct 2010	nd	Oct 2010	**5.5**
	Non-food	%, y-o-y	**6.2**	Jan-Oct 2010	nd	Oct 2010	**10.6**
	Services	%, y-o-y	**8.6**	Jan-Oct 2010	nd	Oct 2010	**6.1**
	Unemployment rate (registered)	%, e-o-p	**6.6**	Jan-Oct 2010	**nd**	Oct 2010	**7.1**
	Wage (national economy)	€, gross	**nd**	Jan-Oct 2010	**nd**	Oct 2010	**430.7**
	nominal	%, y-o-y	**nd**	Jan-Oct 2010	**nd**	Oct 2010	**nd**
	real	%, y-o-y	**nd**	Jan-Oct 2010	**nd**	Oct 2010	**nd**
	Employment in retail (incl. sale and repair of motor vehicles)	'000, e-o-p	**708.2**	Jan-Oct 2010	**693.5**	Oct 2010	**686.0**
	Salaries in retail (excl. sale and repair of motor vehicles)	€, gross	**393**	Jan-Oct 2010	**nd**	Oct 2010	**372.0**
	Salaries in retail, change	%, y-o-y	**nd**	Jan-Oct 2010	**nd**	Oct 2010	**nd**
	Consumer confidence	points	**nd**	Jan-Oct 2010	**nd**	Oct 2010	**nd**
	Retail confidence	points	**nd**	Jan-Oct 2010	**nd**	Oct 2010	**nd**
Slovakia	GDP	%, y-o-y	**-5.8**	Q1-Q3 2010	**4.5**	Q3 2010	**5.9**
	Private consumption	%, y-o-y	**-1.8**	Q1-Q3 2010	**-0.2**	Q3 2009	**1.3**
	CPI	%, y-o-y	**1.6**	Jan-Dec 2010	**1.0**	Dec 2010	**1.3**
	Food and non-alcoholic beverages	%, y-o-y	**-3.2**	Jan-Dec 2010	**1.6**	Dec 2010	**6.2**
	Alcoholic beverages and tobacco	%, y-o-y	**8.0**	Jan-Dec 2010	**5.7**	Dec 2010	**1.7**
	Clothing and footwear	%, y-o-y	**-0.8**	Jan-Dec 2010	**-1.3**	Dec 2010	**-0.1**
	Restaurants and hotels	%, y-o-y	**5.0**	Jan-Dec 2010	**1.3**	Dec 2010	**1.4**
	Unemployment rate (registered)	%, e-o-p	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**12.2**
	Wage (national economy)	€, gross	**527.4**	Jan-Nov 2010	**788**	Nov 2010	**925**
	nominal	%, y-o-y	**-0.9**	Jan-Nov 2010	**5.5**	Nov 2010	**5.8**
	real	%, y-o-y	**0.8**	Jan-Nov 2010	**4.6**	Nov 2010	**4.8**
	Employment in retail (excl. sale and repair of motor vehicles)	'000, e-o-p	**155.7**	Jan-Nov 2010	**152.2**	Nov 2010	**153.5**
	Salaries in retail (excl. sale and repair of motor vehicles)	€, gross	**837.7**	Jan-Nov 2010	**544**	Nov 2010	**592**
	Salaries inretail, change	%, y-o-y	**nd**	Jan-Nov 2010	**3.8**	Nov 2010	**4.0**
	Consumer confidence	points	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**-23.5**
	Retail confidence	points	**nd**	Jan-Dec 2010	**nd**	Dec 2010	**18.0**

nd - data not available in a given country or data not yet published
Source: CSU, KSH, GUS, INSSE, SUSR, 2010

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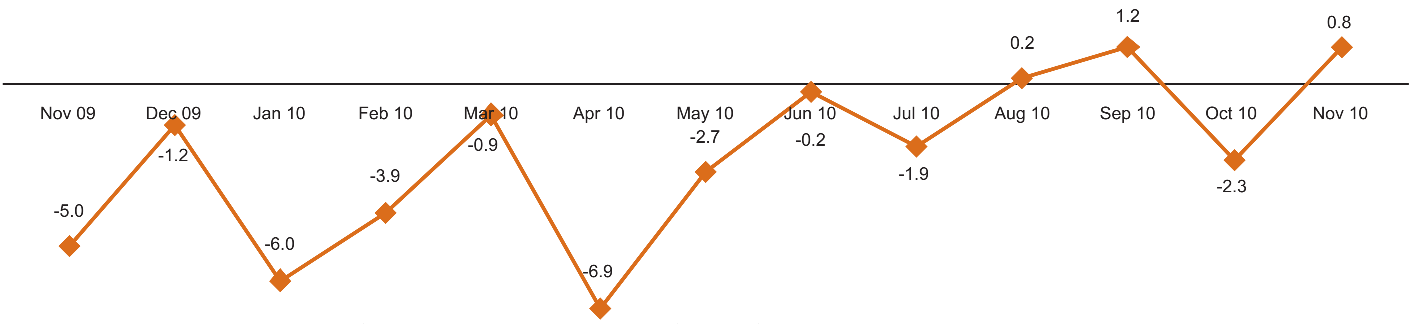
PMR

Data sheet

Czech Republic

Retail sales in the Czech Republic (%, y-o-y, current prices), November 2009-November 2010



Note: Retail trade excluding sale, maintenance and repair of motor vehicles & motorcycles as well as retail sale of automotive fuel
Source: Czech Statistical Office (CSU), 2011
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Retail sales indices by selected goods categories in the Czech Republic (%, y-o-y, current prices), October 2009-October 2010

	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Food, beverages and tobacco	-2.9	-0.2	-3.6	-1.9	1.5	-5.8	-2.6	0.1	2.3	-0.2	0.5	-1.1	2.3
Household equipment in specialised stores	-10.9	-6.8	-10.4	-11.0	-6.3	-11.8	-7.9	-0.9	-6.9	-1.1	-2.0	-4.4	-3.6
Pharmaceutical and cosmetics	7.2	0.7	-5.1	-0.2	1.0	-1.8	0.8	-0.7	-4.7	0.5	1.4	-2.3	-1.1
Textiles, clothing, footwear and leather goods	-11.2	2.0	-8.9	-1.6	-1.1	-9.1	1.4	6.5	-1.5	7.2	14.3	-2.3	4.0

Source: CSU, 2011
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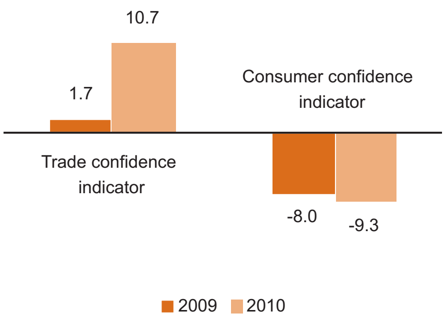
Confidence indicators in the Czech Republic December 2009-December 2010



Source: CSU, 2011

Selected price indices in the Czech Republic (%, y-o-y), December 2009-December 2010

	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10
CPI	1.0	0.7	0.6	0.7	1.1	1.2	1.2	1.9	1.9	2.0	2.0	2.0	2.3
Food and non - alcoholic beverages	-3.5	-3.2	-2.5	-1.5	-0.3	-0.3	0.7	3.3	3.7	4.1	4.0	5.2	5.6
Alcoholic beverages and tobacco	2.0	3.9	4.3	3.4	4.7	4.7	4.4	5.7	5.6	5.3	4.5	4.9	5.3
Clothing and footwear	-2.8	-12.2	-2.8	-2.8	-1.9	-1.9	-2.4	-2.8	-2.3	-2.4	-2.5	-3.3	-3.2

Source: CSU, 2011
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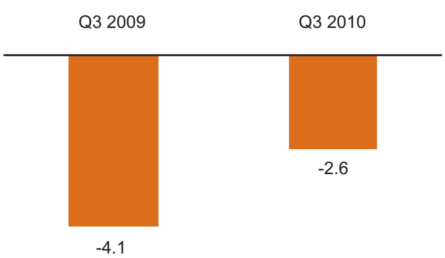
Employment in retail sector in the Czech Republic (%, y-o-y), Q3 2009-Q3 2010

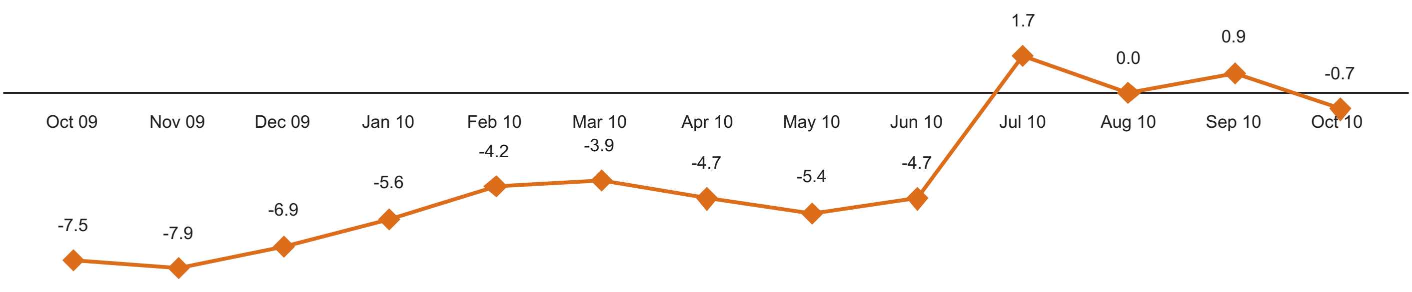


Source: CSU, 2011

Data sheet

Hungary

Retail sales in Hungary (%, y-o-y), October 2009-October 2010



Note: Retail sales indices adjusted for calendar effects
Source: Hungarian Central Statistical Office (KSH), 2011

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Retail sales indices by selected goods categories in Hungary (%, y-o-y, current prices), October 2009-October 2010

	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10
Food, beverages and tobacco	-5.5	-6.6	-3.8	-3.7	-2.9	-2.7	-5.7	-3.9	-3.2	1.1	-0.8	1.3	-1.3
Furniture, consumer electronics and household equipment	-17.7	-15.4	-18.1	-12.6	-6.2	-6.9	-3.6	-2.3	-10.4	5.5	3.4	3.2	0.2
Pharmaceutical and medical goods	-3.0	-1.1	-4.2	-1.9	-2.0	-2.3	-0.2	-2.7	-0.6	2.8	-4.0	-4.0	-0.3
Cosmetics articles	2.2	-0.6	3.2	3.8	3.7	5.0	5.4	5.9	5.8	7.4	9.5	12.1	7.6
Textiles, clothing and footwear	-3.2	-10.5	-5.0	-5.5	-3.8	-3.3	-11.5	-4.9	5.5	2.8	-3.4	9.3	-0.5

Note: Retail sales indices adjusted for calendar effects
Source: KSH, 2011

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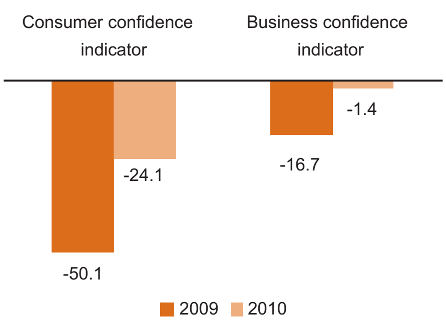
Confidence indicators in Hungary December 2009-December 2010



Source: GKI, 2011

Selected price indices in Hungary (%, y-o-y), December 2009-December 2010

	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10
CPI	5.6	6.4	5.7	5.9	5.7	5.1	5.3	4.0	3.7	3.8	4.2	4.2	4.7
Food	2.9	2.9	2.1	2.3	2.4	-1.3	1.1	2.8	3.7	3.9	5.3	5.9	6.7
Alcoholic beverages and tobacco	10.0	11.6	11.1	11.0	10.9	11.1	10.2	6.7	6.6	5.8	5.3	4.6	3.4
Clothing and footwear	0.1	1.2	0.9	1.4	0.1	-1.2	-2.5	-2.2	-1.1	-0.5	-1.0	-0.7	0.7
Consumer durable goods	4.0	3.9	3.4	3.7	2.1	1.1	0.6	-1.7	-2.1	-2.9	-2.1	-1.7	-1.4

Source: KSH, 2011

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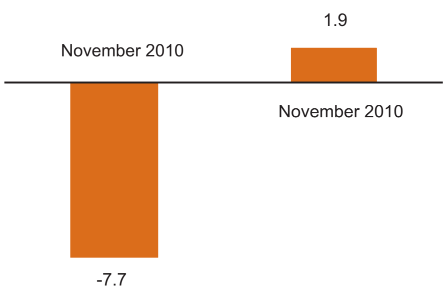
Employment in retail sector in Hungary (%, y-o-y) , November 2009-November 2010

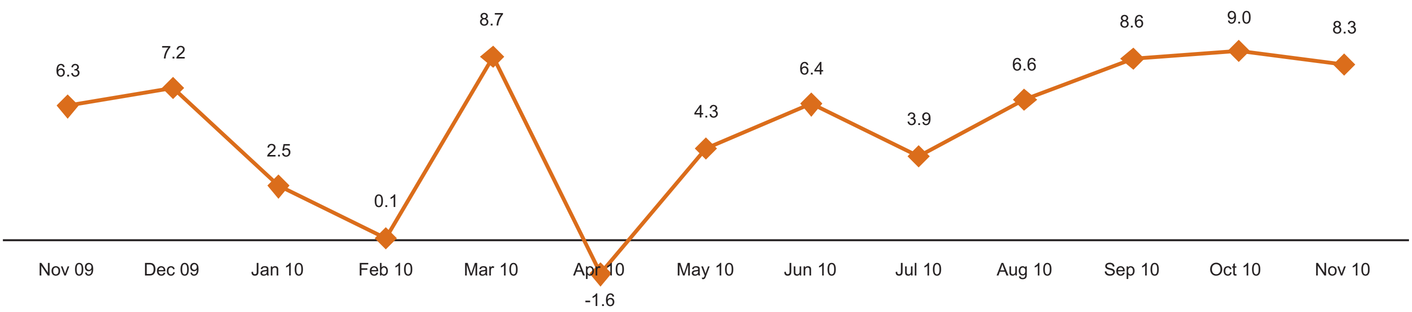


Source: KSH, 2011

Data sheet

Poland

Retail sales in Poland (%, y-o-y, current prices), November 2009-November 2010



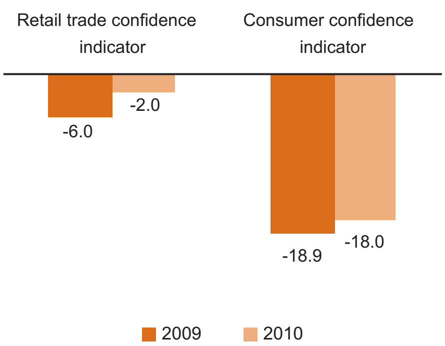
Source: GUS, 2011 www.pmrpublications.com

Retail sales indices by selected goods categories in Poland (%, y-o-y, current prices), November 2009-November 2010

	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Food, beverages and tobacco	11.8	7.0	-3.3	-4.9	7.1	-7.6	-3.6	3.2	-0.8	-1.8	3.3	2.8	0.1
Furniture, consumer electronics and household equipment	-6.7	-6.8	-5.7	-15.7	17.2	17.0	24.1	19.7	27.2	33.7	33.3	26.1	26.3
Pharmaceutical and cosmetics	18.6	15.7	18.3	15.7	22.4	16.3	17.9	20.4	19.5	18.8	18.9	17.2	18.0
Fabrics, clothing and footwear	1.5	16.8	6.7	14.1	16.8	-6.3	7.4	12.2	6.8	12.9	25.5	12.9	20.5

Source: GUS, 2011 www.pmrpublications.com

Confidence indicators in Poland December 2009-December 2010



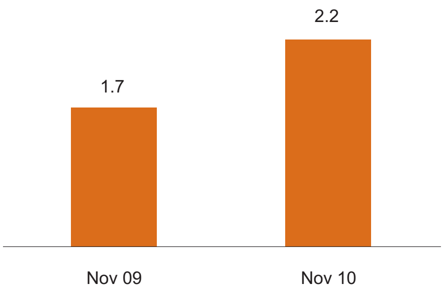
Source: GUS, 2011

Selected price indices in Poland (%, y-o-y), November 2009-November 2010

	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
CPI	3.3	3.5	3.5	2.9	2.6	2.4	2.2	2.3	2.0	2.0	2.5	2.8	2.7
Food and non-alcoholic beverages	3.4	3.4	3.0	2.8	1.4	0.7	0.6	2.2	1.1	2.3	4.3	4.8	4.3
Alcoholic beverages and tobacco	8.3	8.0	7.5	7.4	7.7	7.2	7.0	6.2	3.6	3.6	3.3	3.3	3.8
Clothing and footwear	-6.2	-6.1	-5.0	-4.9	-4.6	-4.0	-4.1	-4.0	-4.3	-3.8	-3.0	-3.0	-3.0

Source: GUS, 2011 www.pmrpublications.com

Employment in retail sector in Poland (%, y-o-y), November 2009-November 2010

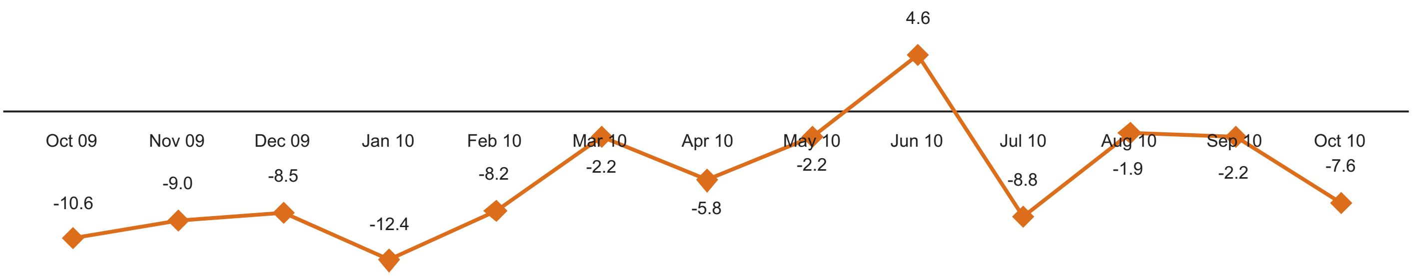


Source: GUS, 2011

Data sheet

Romania

Retail sales in Romania (%, y-o-y), November 2009-November 2010



Note: Retail sales indices unadjusted for calendar effects
Source: INSSE, 2011

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Retail sales indices by selected goods categories in Romania (%, y-o-y, constant prices), October 2009-October 2010

	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10
Food, beverages and tobacco	-3.6	-6.1	-6.0	-10.3	-8.7	-3.2	-9.5	-5.8	-0.2	-11.9	-6.0	-7.7	-11.6
Furniture, consumer electronics and household equipment	-17.4	-12.4	-6.2	-27.4	-21.8	-14.8	-17.4	-17.2	-0.4	-28.4	-18.4	-21.5	-22.7
Pharmaceutical and cosmetics	-9.8	-2.2	-17.1	8.8	17.1	26.7	21.8	29.2	30.7	13.2	21.5	21.8	2.0
Textiles, clothing, footwear and leather goods	25.7	1.9	29.7	27.2	19.8	42.0	17.4	38.1	47.7	37.6	34.0	35.9	38.2

Note: Retail sales indices unadjusted for calendar effects
Source: INSSE, 2011

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Selected price indices in Romania (%, y-o-y), October 2009-October 2010

	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10
CPI	4.3	4.7	4.7	5.2	4.5	4.2	4.3	4.4	4.4	7.1	7.6	7.8	7.9
Food goods	0.9	0.6	0.4	0.1	0.0	-0.2	-0.2	-0.2	-0.1	2.3	3.8	4.8	5.5
Non-food goods	5.4	6.6	7.7	10.3	9.1	8.8	8.5	0.9	8.4	11.6	11.3	10.8	10.6

Source: INSSE, 2011

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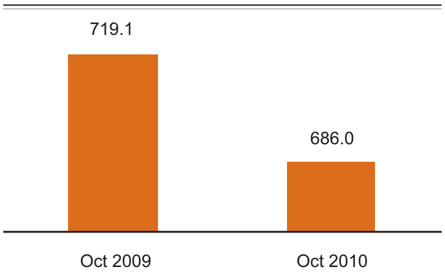
Employment in retail sector in Romania ('000), October 2009-October 2010

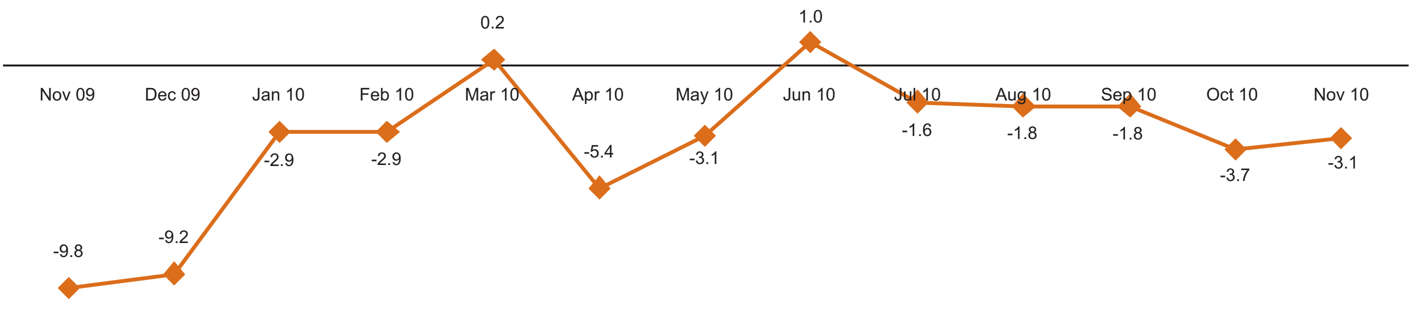


Source: INSSE, 2011

Data sheet

Slovakia

Retail sales in Slovakia (%, y-o-y), November 2009-November 2010



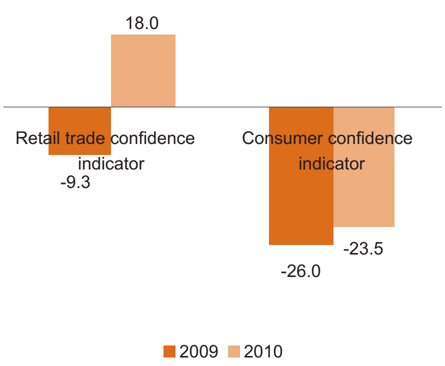
Source: SUSR, 2011 www.pmrpublications.com

Retail sales indices by selected goods categories in Slovakia (%, y-o-y, constant prices), November 2009-November 2010

	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Retail sales in non-specialised stores	6.3	3.0	2.4	2.6	8.5	-1.3	-0.2	6.7	4.5	1.8	1.9	-1.7	-0.8
Food, beverages and tobacco in specialised stores	-16.5	-19.5	-21.9	-21.3	-17.5	-17.9	-15.9	-22.7	-13.9	-13.6	-2.0	-2.2	-6.5
Information and communication equipment in specialised stores	7.8	2.7	-2.7	-11.5	0.3	-9.7	-9.2	-7.6	-0.3	3.1	-22.2	-24.5	-14.9
Other household equipment in specialised stores	-31.1	-30.3	-6.7	-0.5	-1.0	-1.3	4.4	3.2	-0.3	2.5	7.5	7.8	2.5
Other goods in specialised stores	-6.0	-2.9	3.5	-3.0	-4.8	-11.9	-10.3	-4.7	-6.2	-5.5	-5.7	-8.1	-7.6

Source: SUSR, 2011 www.pmrpublications.com

Confidence indicator in Slovakia, December 2009-December 2010



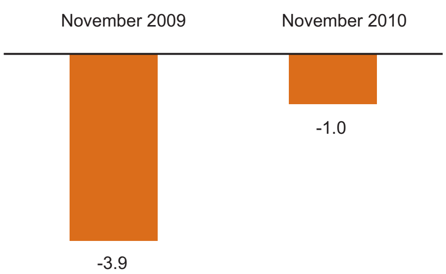
Source: SUSR, 2011

Selected price indices in Slovakia (%, y-o-y), December 2009-December 2010

	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10
CPI	0.5	0.4	0.4	0.8	1.3	1.2	1.0	1.1	1.0	1.1	1.0	1.0	1.3
Food and non - alcoholic beverages	-5.1	-3.5	-2.8	-1.7	0.6	0.4	1.0	3.1	3.7	3.9	4.2	5.1	6.2
Alcoholic beverages and tobacco	6.6	6.0	6.2	6.9	7.2	6.7	6.6	6.8	6.8	6.6	4.9	2.0	1.7
Clothing and footwear	-2.4	-2.4	-1.2	-2.2	-2.0	-1.7	-1.5	-1.1	-1.0	-0.5	-0.3	-0.2	-0.1

Source: SUSR, 2011 www.pmrpublications.com

Employment in retail sector in Slovakia (%, y-o-y), November 2009-November 2010



Source: SUSR, 2011

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