

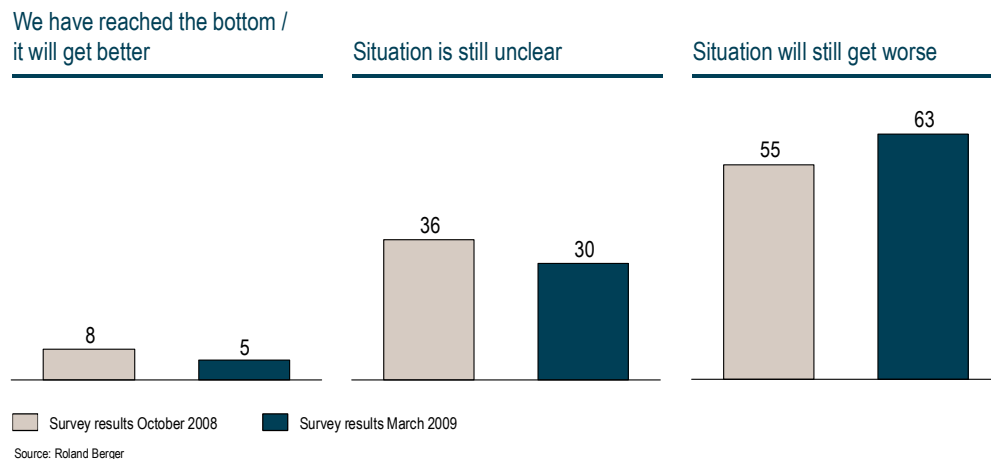
*Main priorities on the CEO's agenda: Ensuring short-term liquidity, restructuring operations, but also benefiting from the upcoming consolidation.*

*Roland Berger Strategy Consultants has launched a regular online survey in Central- and Eastern Europe. The CEE manager survey tracks executives' expectations concerning the economic development as prompt as possible and derives measures that have to be taken.*

*For the second time after November 2008 the CEE manager survey deals with the current global economic crisis and its impacts on the region. Over 300 managers from eight Central- and Eastern European countries (Austria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Ukraine) participated representing a balanced mix of industries.*

## The overall picture

In CEE, the crisis hit industries in Austria at first in the third quarter of 2008, all other countries followed sequentially in the following months. Compared to our last survey in November 2008, the number of managers who believe that the situation will get worse has increased by 8% to 63% and barely 5% believe that we have reached the bottom already. Especially pessimistic are Russian, Ukrainian and Romanian managers, while managers in Poland and Austria are more optimistic. The further east and south we go, the more pessimistic managers are in general concerning the economic situation.



*What is your general assessment of the current economic situation in Europe? [in % of answer frequency]*

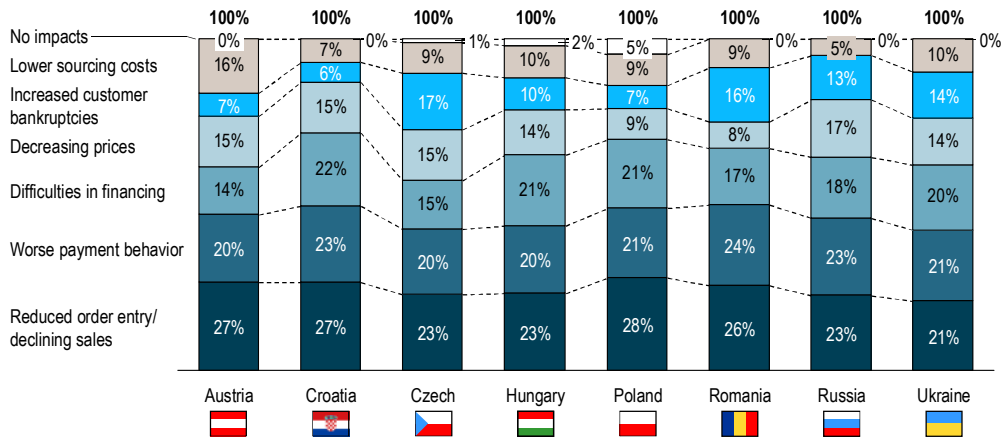
## Effects on companies

Regardless of the nationality, companies' top problems are reduced orders, worse payment behavior and financing difficulties. Looking at the effects already felt by country, we see that Polish (28%), Austrian and Croatian (27% each) managers face the biggest reduction in order entries and declining sales, while 24% of Romanian managers are



struggling with worse payment behavior. Croatia leads the ranking in difficulties in financing with 22%, followed by Hungary and Poland (20% each). 17% of the polled Russian managers see price decreases as a serious problem. Czech and Romanian managers face a big increase in customer bankruptcies (17% and 16% respectively).

As a positive consequence of the crisis only a significant number of Austrian managers (16%) feel the impact of lower sourcing costs. 5% of the polled Polish managers are optimists: they do not see any impact of the crises until now.



*Which effects do you already feel in Q1 2009 in your company?  
[Multiple answers possible, in % of answer frequency]*

Source: Roland Berger

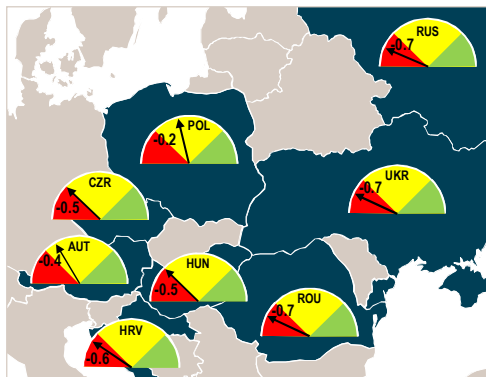
Regarding the impact of the economic crisis on their own company Polish managers are the most optimistic: 65% expect to reach a small growth or a zero growth through the current fiscal year. Also Romanian (58%) and Croatian managers (42%) are optimistic. On the other hand, Ukrainian and Russian executives are very pessimistic: 82% of Russian and 68% of Ukrainian managers expect a sales decline of more than 10% in 2009. Austria ranks third with 51%.

## Results by industries

Overall, a recovery sooner than 1-2 years is not realistic. In some industries, like Engineering, an upturn even only in three years wouldn't be a surprise.

From all industries Automotive, Banking & Insurance and Metals & Mining were hit at first by the signs of the crisis. For about 30% it started in the third quarter of 2008 and reached a peak in Q4 2008. In contrast, about 20% of the polled managers from the Service and IT/Media/Telecom sectors are still unaffected but await an impact until summer 2009. Looking at absolute values, managers in the public sector and the automotive industry show the lowest mood value as opposed to the services sector which is generally most optimistic.

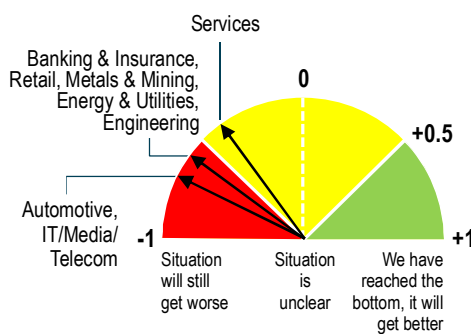
## By country



1 ... We have reached the bottom, it will get better  
 0 ... Situation is unclear  
 -1 ... Situation will still get worse

Source: Roland Berger

## By industry



*Mood barometer by country and per industry [average value]*

Looking at the impacts by industries, we can highlight the following: The Automotive and Retail industry report the highest declining sales. Worst payment behavior is reported by the Retail and IT/Media/Telecom industry. The Energy & Utilities sector has the biggest difficulties in financing, while decreasing prices affect the Engineering industry most. Banks and Insurance companies are strongly facing increased customer bankruptcies. As a small light at the end of the tunnel, lower sourcing costs most positively affect the Automotive industry.

## Industry outlook

The Automotive, Metals & Mining and Engineering industries are expecting the most serious decline of sales by 25-50%. The Metals & Mining managers are most pessimistic: 38% expect a sales reduction by 10 to 25% and 41% expect a decline by up to 50%.

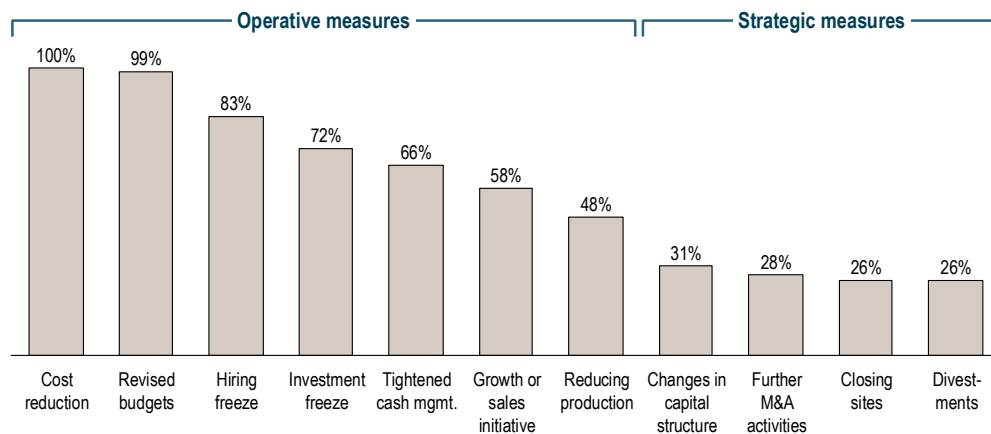
Also 38% of the polled executives in the Automotive sector believe in sales declines up to 50%, while 44% of the same managers believe that the crises will affect their industry for the next years. Also the Engineering industry managers are pessimistic in the sales development but none of them expects the crises to last longer than three years.

The Banking & Insurance industry is evenly split in its opinion on impact and duration. 54% of their managers believe that sales will decline by 0 to 25% while 10% believe they will decline by less than 50%. Two thirds of the managers believe, however, that the crises will impact their industry for one to three years with 6% of managers believing that the crisis will last for four years.

IT/Media/Telecom managers are unsure about the sales impact on their business. However, 10% of the representing managers believe the crisis will impact their industry over two to four years. A very similar picture is shown in the Services industry. Less affected seem to be the Retail and Energy & Utilities sectors. Retail managers see mostly reduced growth but have a difficult time to quantify it. Most of them don't expect the crisis to last longer than two years. Whereas 37% of Energy & Utilities managers expect a decline in sales by 5 to 10% and the crisis to be over within three years.

## Actions taken at the moment

Cost reduction and another revision of the budgets rank highest on all managers' tasks at the moment, followed by a hiring and investment freeze. Tightened cash management is the number five priority. Most strategic measures have been neglected so far. Quick hits are mostly already realized, but structural measures are still missing in most cases.



Source: Roland Berger

*What actions are you taking to react to the crisis?  
[Planned or taken, multiple answers possible]*

A continuous and critical self-assessment of sales forecasts and recovery time are key issues on the managers' agenda. From our point of view, there should be three main priorities for 2009: Ensuring short-term liquidity, restructuring operations, but also benefiting from upcoming consolidation.

### KEY MESSAGES

- Compared to our last survey in November 2008, the number of managers who believe that the situation will get worse has increased by 8% to 63% and barely 5% believe that we have reached the bottom already.
- Regardless of the nationality, companies' top problems are reduced orders, worse payment behavior and financing difficulties.
- The Automotive, Metals & Mining and Engineering industries are expecting the most serious decline of sales by 25-50%.
- Cost reduction and another revision of the budgets rank highest on all managers tasks at the moment, followed by a hiring and investment freeze.
- Three main priorities are on the CEO's agenda for 2009: Ensuring short-term liquidity, restructuring operations, but also benefiting from upcoming consolidation.

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