

Overcoming the Covid-19 Crisis: The Slovakian Business View

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COVID-19 PANDEMIC

has been changing many things in both directions,
but some are almost untouched...

GDP Growth (annual %)

(Annual percentage growth rate of GDP at market prices based on constant local currency.
Aggregates are based on constant 2010 U.S. dollars)

Country	1993	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Croatia	..	..	2,86	4,31	4,99	5,07	1,89	-7,32	-1,32	-0,20	-2,39	-0,45	-0,34	2,43	3,50	3,44	2,81	2,86
Czech Republic	0,06	6,50	4,00	6,60	6,77	5,57	2,69	-4,66	2,43	1,76	-0,79	-0,05	2,26	5,39	2,54	5,17	3,18	2,34
Estonia	..	4,53	10,11	9,49	9,72	7,57	-5,09	-14,43	2,69	7,44	3,12	1,35	2,99	1,84	3,19	5,50	4,36	5,00
Hungary	-0,58	1,49	4,48	4,24	4,03	0,24	1,06	-6,70	1,12	1,94	-1,38	1,86	4,23	3,82	2,14	4,32	5,41	4,58
Latvia	..	..	5,67	10,73	11,99	10,03	-3,33	-14,26	-4,41	6,47	4,25	2,31	1,07	4,01	2,37	3,25	4,02	2,05
Lithuania	..	..	3,70	7,73	7,41	11,11	2,61	-14,84	1,65	6,04	3,84	3,55	3,54	2,02	2,52	4,28	3,94	4,34
Poland	3,74	7,10	4,56	3,51	6,13	7,06	4,20	2,83	3,74	4,76	1,32	1,13	3,38	4,24	3,14	4,83	5,35	4,54
Slovak Republic	1,90	5,84	1,17	6,62	8,49	10,83	5,57	-5,46	5,87	2,85	1,90	0,67	2,64	4,81	2,13	3,04	3,77	2,32
Slovenia	2,84	4,11	3,67	3,80	5,75	6,98	3,51	-7,55	1,34	0,86	-2,64	-1,03	2,77	2,21	3,19	4,79	4,38	3,18
Average	1,59	4,93	4,47	6,34	7,25	7,16	1,46	-8,04	1,46	3,55	0,81	1,04	2,50	3,42	2,75	4,29	4,14	3,47
Albania	9,56	13,32	6,95	5,53	5,90	5,98	7,50	3,35	3,71	2,55	1,42	1,00	1,77	2,22	3,31	3,80	4,07	2,24
Bosnia and Herzegovina	..	20,80	5,50	8,76	5,41	5,86	5,44	-3,00	0,87	0,96	-0,82	2,35	1,15	3,09	3,15	3,17	3,74	2,68
Bulgaria	-1,48	2,86	4,78	7,15	6,80	6,56	6,09	-3,37	0,56	2,35	0,36	0,33	1,89	3,99	3,82	3,50	3,09	3,69
Romania	1,53	6,23	2,46	4,67	8,03	7,23	9,31	-5,52	-3,90	1,91	2,04	3,77	3,61	2,95	4,70	7,32	4,47	4,15
North Macedonia	-7,47	-1,11	4,55	4,72	5,14	6,47	5,47	-0,36	3,36	2,34	-0,46	2,93	3,63	3,86	2,85	1,08	2,90	3,20
Montenegro	..	..	3,10	4,18	8,57	6,81	7,22	-5,80	2,73	3,23	-2,72	3,55	1,78	3,39	2,95	4,72	5,08	4,06
Serbia	..	..	6,13	5,53	5,11	6,44	5,66	-2,73	0,73	2,04	-0,68	2,89	-1,59	1,81	3,34	2,10	4,50	4,25
Average	0,53	8,42	4,78	5,79	6,42	6,48	6,67	-2,49	1,15	2,20	-0,12	2,40	1,75	3,04	3,45	3,67	3,98	3,47
Russian Federation	-8,67	-4,14	10,00	6,40	8,20	8,50	5,20	-7,80	4,50	4,30	4,02	1,76	0,74	-1,97	0,19	1,83	2,54	1,34
Ukraine	-14,23	-12,20	5,90	3,00	7,44	7,59	2,30	-14,76	3,83	5,47	0,24	-0,03	-6,55	-9,77	2,24	2,47	3,41	3,23
Average	-11,45	-8,17	7,95	4,70	7,82	8,05	3,75	-11,28	4,17	4,88	2,13	0,86	-2,91	-5,87	1,21	2,15	2,97	2,29
European Union	-0,57	2,67	3,90	1,93	3,49	3,15	0,64	-4,33	2,21	1,83	-0,75	-0,06	1,57	2,30	2,04	2,79	2,12	1,55

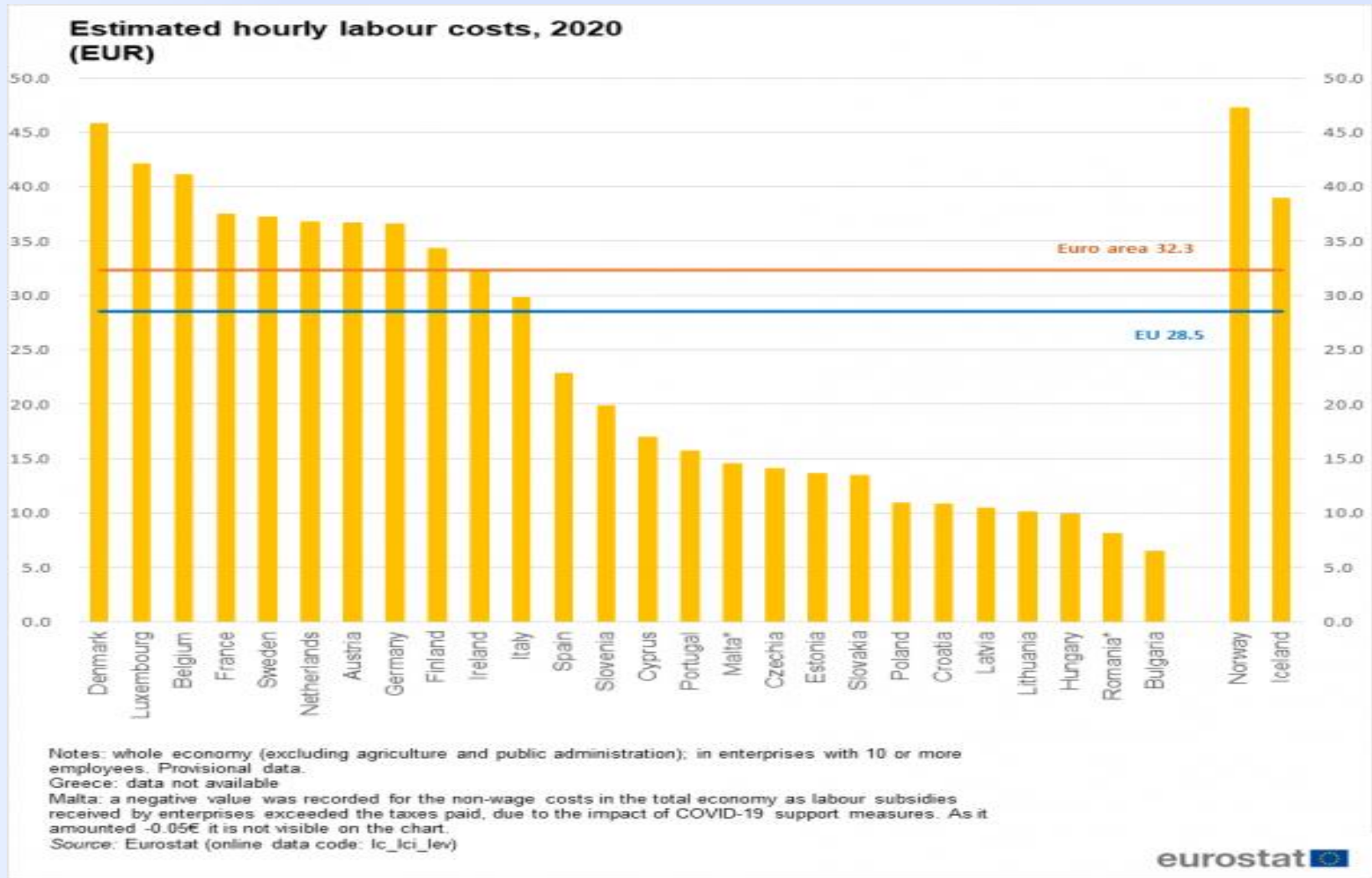
Source: World Bank, 2020

European Commission Forecast, November 2020 (basic economic indicators)

Overview - the autumn 2020 forecast

	Real GDP			Inflation			Unemployment rate			Current account			Budget balance		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Belgium	-8.4	4.1	3.5	0.4	1.4	1.6	5.9	7.0	6.2	0.7	0.6	0.4	-11.2	-7.1	-6.3
Germany	-5.6	3.5	2.6	0.4	1.4	1.3	4.0	4.0	3.8	6.2	6.6	6.6	-6.0	-4.0	-2.5
Estonia	-4.6	3.4	3.5	-0.5	1.4	2.1	7.5	7.8	6.7	2.8	2.0	1.2	-5.9	-5.9	-5.1
Ireland	-2.3	2.9	2.6	-0.5	0.3	1.6	5.3	8.9	8.7	5.7	0.2	-1.1	-6.8	-5.8	-2.5
Greece	-9.0	5.0	3.5	-1.3	0.9	1.3	18.0	17.5	16.7	-6.2	-6.4	-4.8	-6.9	-6.3	-3.4
Spain	-12.4	5.4	4.8	-0.2	0.9	1.0	16.7	17.9	17.3	1.8	2.5	2.8	-12.2	-9.6	-8.6
France	-9.4	5.8	3.1	0.5	0.9	1.5	8.5	10.7	10.0	-3.0	-2.8	-1.6	-10.5	-8.3	-6.1
Italy	-9.9	4.1	2.8	-0.1	0.7	1.0	9.9	11.6	11.1	2.9	3.1	2.9	-10.8	-7.8	-6.0
Cyprus	-6.2	3.7	3.0	-0.9	0.9	1.3	8.2	7.8	7.2	-10.4	-10.1	-9.9	-6.1	-2.3	-2.3
Latvia	-5.6	4.9	3.5	0.3	1.3	1.8	8.3	8.0	7.5	2.3	1.2	0.1	-7.4	-3.5	-3.3
Lithuania	-2.2	3.0	2.6	1.3	1.5	1.7	8.9	8.0	6.9	4.6	3.7	2.9	-8.4	-6.0	-2.8
Luxembourg	-4.5	3.9	2.7	0.2	1.5	1.8	6.6	7.1	7.1	0.8	1.2	1.8	-5.1	-1.3	-1.1
Malta	-7.3	3.0	6.2	0.8	1.3	1.6	5.1	4.7	4.1	0.5	0.1	1.4	-9.4	-6.3	-3.9
Netherlands	-5.3	2.2	1.9	1.1	1.3	1.4	4.4	6.4	6.1	8.4	8.0	7.9	-7.2	-5.7	-3.8
Austria	-7.1	4.1	2.5	1.5	1.7	1.7	5.5	5.1	4.9	2.3	2.9	3.2	-9.6	-6.4	-3.7
Portugal	-9.3	5.4	3.5	-0.1	0.9	1.2	8.0	7.7	6.6	-0.9	-0.5	-0.5	-7.3	-4.5	-3.0
Slovenia	-7.1	5.1	3.8	0.0	0.9	1.8	5.0	4.8	4.4	5.0	4.4	3.1	-8.7	-6.4	-5.1
Slovakia	-7.5	4.7	4.3	2.0	0.7	1.4	6.9	7.8	7.1	-3.1	-1.6	-0.9	-9.6	-7.9	-6.0
Finland	-4.3	2.9	2.2	0.4	1.1	1.4	7.9	7.7	7.4	-1.5	-1.2	-1.7	-7.6	-4.8	-3.4
Euro area	-7.8	4.2	3.0	0.3	1.1	1.3	8.3	9.4	8.9	2.6	2.6	2.8	-8.8	-6.4	-4.7
Bulgaria	-5.1	2.6	3.7	1.2	1.4	1.8	5.8	5.6	5.0	3.5	4.0	4.4	-3.0	-3.0	-1.4
Czechia	-6.9	3.1	4.5	3.4	2.3	2.0	2.7	3.3	3.2	-2.3	-2.0	-1.5	-6.2	-4.7	-3.7
Denmark	-3.9	3.5	2.4	0.3	1.1	1.3	6.1	5.8	5.5	6.7	6.8	7.2	-4.2	-2.5	-1.9
Croatia	-9.6	5.7	3.7	0.1	1.2	1.5	7.7	7.5	6.9	-1.7	-0.4	0.3	-6.5	-2.8	-3.2
Hungary	-6.4	4.0	4.5	3.4	3.3	3.0	4.4	4.4	3.9	-1.1	-0.3	-0.3	-8.4	-5.4	-4.3
Poland	-3.6	3.3	3.5	3.6	2.0	3.1	4.0	5.3	4.1	1.8	1.5	1.1	-8.8	-4.2	-3.0
Romania	-5.2	3.3	3.8	2.5	2.5	2.4	5.9	6.2	5.1	-4.6	-4.8	-4.9	-10.3	-11.3	-12.5
Sweden	-3.4	3.3	2.4	0.6	0.8	1.3	8.8	9.2	8.1	4.4	3.9	4.0	-3.9	-2.5	-1.4
EU	-7.4	4.1	3.0	0.7	1.3	1.5	7.7	8.6	8.0	2.5	2.5	2.7	-8.4	-6.1	-4.5
United Kingdom	-10.3	3.3	2.1	0.9	2.3	2.9	5.0	7.3	6.2	-3.1	-2.9	-2.7	-13.4	-9.0	-7.6
China	2.1	7.3	5.6	:	:	:	:	:	:	:	:	:	:	:	:
Japan	-5.5	2.7	0.9	0.1	0.1	0.3	3.1	2.9	2.7	2.3	2.8	2.9	-13.9	-5.6	-3.5
United States	-4.6	3.7	2.5	1.1	1.6	1.8	7.7	6.2	5.4	-3.0	-3.4	-3.2	-15.3	-6.9	-4.7
World	-4.3	4.6	3.6	:	:	:	:	:	:	:	:	:	:	:	:

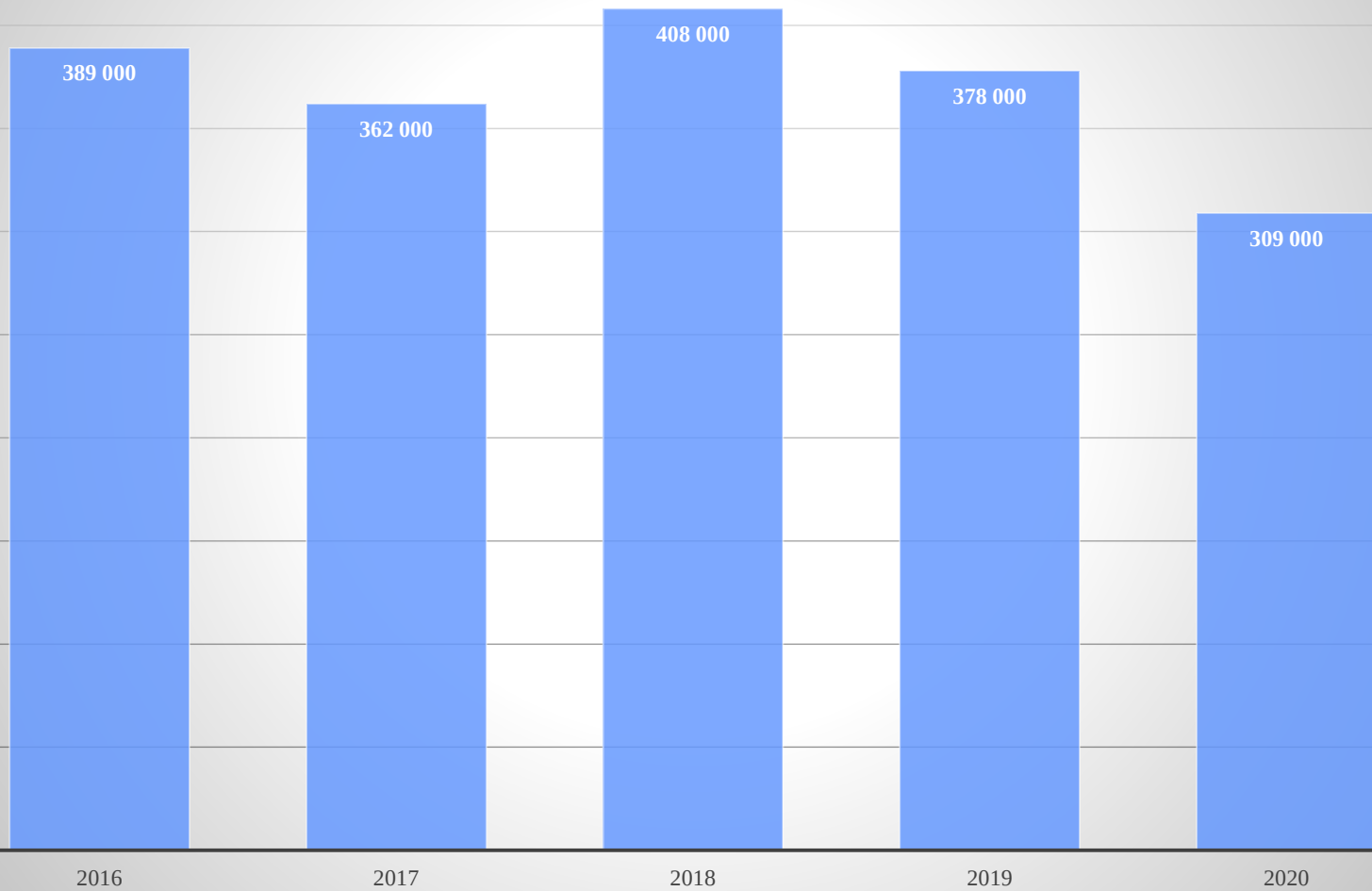
Hourly labour costs 2020



Business Partners in Slovakia

- Privatized companies
 - *by foreign investors*
 - *by domestic entrepreneurs, later by foreign investors*
- Private companies established after change
 - *foreign (greenfield)*
 - *local incl. start-ups*
- State-owned companies

VW Slovakia Car Production



Pandemic (panic) in car industry

2020: 985 000 cars

i.e. PSA 371 152, VW 309 000,

KIA plus LR 305 000 (KIA itself planned 344 000 and Jaguar Land Rover 150 000)

Volkswagen Slovakia: 2020: 309 000 i.e. 18% decline due to pandemic

Pandemic in Volkswagen Slovakia - largest private employer in SR, 11,500 employees

- **5-weeks production stop** because of covid pandemic in 2020
 - 75% SUV, 25% electromobiles and hybrids
- sales dropped by 6% to 9.8 bil. EUR and profit b.t. by 13% to 278 mil. EUR
- production partially stopped during the first and second way of pandemic
 - **however** new VW Passat and Superb facility for 500 mil. EUR – a guarantee of production and employment till 2025
 - another facility for 500 mil. EUR planned

May 2021: two weeks stop for luxury SUVs VW Toureg, Porsche Cayenne, Audi Q7, Q8 due to **global chip shortage**, one week stop – minus 7 000 – 8 000 vehicles

i.e. pandemic not only in Slovakia, but worldwide hit the car production

Happiness in Levice

GSK Consumer Health Care

- But the opposite side: De Miclén, now GSK Consumer Health Care producing toothpastes in Levice
- Almost 500 mil. toothpastes, close to becoming largest production site for toothpastes in GSK (Sensodyne, Parodontax..)
- Sales and profit in 2020 grew by one quarter – one third (sales 156 mil. EUR from 120 mil. , profit by 35% to 6 mil. EUR)
- Employment grew by 60 to 540 employees
- History: around 2000 sales 5 mil. EUR, small local Slovak company producing classical Slovak cosmetics from socialist era (shampoos Dixi, sunscreen Nubian, shaving soaps Barbus)
- In 2015 Italian Safosa bought the company (local brands sold to local company Herba Drug Smižany)
- Safosa built a new factory for cosmetics and toothpastes production, mostly for Henkel
- Global financial crisis hit Safosa that sold the factory to British GSK

Indicators	Slido (Slovakia)
Founding year	2012
Founders	Peter Komorník, František Krivda, Peter Slivka, Rastislav Molnár
Acquirer	<u>Cisco (2020) - for Webex</u>
Price	Undisclosed amount
Industry	Communication platform for audience interaction - Q&A and polling platform.
Trigger for creation	To transform how meetings and events are run around the world and to enable true dialogue between presenter and audience.
Main events	2012: Company established 2013: Start of operations, 250 events supported in a year 2020: One million events milestone, one million participants in a single week in May 2020 2020: Integrations with MS Teams, PowerPoint and Google Meet 2020: Acquisition by Cisco
Employees	50+ (2021)
Financial indicators	Sales: 9,4 mil. (2020), 8 mil. € (2019) 5,1 mil. € (2018) 2,6 mil. € (2017) 1,1 mil. € (2016) ... 0,01 mil. € (2013) Profit: 64 000 € (2020) 344 000 € (2019)..21 000 € (2015)
Market indicators	In 2020, the company experienced 300 % year-on-year growth. Growth in small meetings by 440% (April 2019 vs 2020). <u>Slido is used by 40 of the Fortune 100 companies.</u>
Countries of operations	Available worldwide in 32 different language versions. More than 7 million monthly participants. Four subsidiaries in 3 countries. Subsidiaries in UK (London), USA (New York, San Francisco), Australia (Sydney)

Thank you for your attention!

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