

NEWS SUMMARY DECEMBER 6 – DECEMBER 12 ATTACHMENT

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ECONOMY & FINANCE

CFE SELECTION OF MAIN ECONOMIC EVENTS IN 2018 – 10.12.

A selection of the most important economic events in the CR in 2018:

JANUARY

- 2 - National postal service operator Ceska posta announces it will raise prices of postage stamps by Kc3 to Kc19 for ordinary letters and by Kc5 to Kc44 for registered letters.
- 3 - Penta group announces it will offer minority shareholders of lottery company Fortuna Entertainment Group to buy out their shares for Kc182.50 per share. Its aim is to acquire 100 percent in Fortuna.
- State Veterinary Administration (SVS) says African swine fever in Zlin region has spread outside high risk zone demarcated by electric fences. Last confirmed case of the disease in Zlin region occurs in April.
- 6 - Unplanned shutdown of Dukovany nuke plant's unit 2 ends after one week.
- 8 - Uniles company of Agrofert group wins tender of state-run forest management company Lesy CR for logging work and timber sale, having submitted best price bid out of 38 companies.
- Czech Export Bank (CEB) claims billions of crowns from state-run export insurance company EGAP under insurance policy relating to uncompleted Turkish coal-fired power plant Adularya. CEB lent almost Kc12bn for the project.
- 9 - Industry and Trade Minister Tomas Huner removes Karel Kucera from post of head of CzechInvest agency. On March 29, Silvana Jirotkova becomes Kucera's successor.
- 10 - German bankrupt firm Viktoriagruppe's insolvency administrator Mirko Mollen files suit demanding that Czech Republic return diesel oil it previously stored in Viktoriagruppe's storage tanks in Krailing, Bavaria.
- 12 - Seznam.cz launches own TV channel.
- 17 - Government approves appointment of Marek Rojicek as chairman of Czech Statistical Office (CSU) to replace late Iva Ritschelova.
- 18 - Industry Minister Huner removes Vitezslav Kulich from post of board member at power transmission grid operator CEPS. Jakub Skavron becomes new board member in June.
- 22 - Mineral water producer Karlovarske mineralni vody (KMV) announces it will buy supranational company PepsiCo's branches in Czechia, Hungary and Slovakia. Antitrust office UOHS approves the acquisition in Nov. According to its own info, KMV has become the biggest distributor of soft drinks in Central Europe.
- 24 - Prime Minister Andrej Babis hands over resignation of his minority cabinet to President Milos Zeman. Zeman entrusts Babis's cabinet with performing the office until new government is appointed.
- Office for Government Representation in Property Affairs (UZSVM) announces it has won dispute with German firm Aircraftleasing Meier und Fischer (AMF) over Kc2.45bn for two Boeing 737 planes detained 12 years ago during bankruptcy proceedings with entrepreneur Vaclav Fischer who has majority stake in the firm.

FEBRUARY

- 1 - Czech National Bank (CNB) releases new forecast improving its estimate of GDP growth for this year to 3.6 percent from previous estimate of 3.4 percent. For 2019, CNB improves its estimate to 3.2 percent from 3.1 percent.
- Headline PX index of Prague Stock Exchange (BCPP) hits this year's high of 1,140.01 points, highest level since August 2011.
- Engineering company TOSHULIN confirms it has bought TOS KURIM - OS from Alta group.
- 2 - Czech crown reaches strongest level against both euro and dollar, trading at Kc25.19/EUR and Kc20.163/USD.
- 6 - High Court in Olomouc rejects Citibank's appeal against reorganisation plan of insolvent miner OKD and confirms the plan approval. Creditors approved the plan in August 2017, after which it was approved by Regional Court.
- 8 - Start of taxi drivers' protests against ride-hailing services such as Uber. Protests in Prague repeat several times. After talks with reps of taxi drivers on Feb 14, government promises fast improvement of conditions. Uber later agrees that it will obtain trade licence and that its drivers will comply with the same requirements as taxi drivers.
- 13 - Czech video game developer Warhorse Studios releases Kingdom Come: Deliverance.
- 15 - It is announced that financial arbitrator has issued final award after almost four years deciding that Ceska pojistovna's investment life insurance contracts are invalid. According to experts, this applies to hundreds of thousands of contracts Ceska pojistovna made between 2005 and 2013.
- 16 - Ye Jianming, CEFC China Energy group board chairman and aide to Czech President Milos Zeman, is arrested in China. CEFC is biggest Chinese investor in CR. According to media reports, Ye Jianming was involved in extensive corruption case.
- 19 - Investment group PPF says it has agreed with Sweden's Modern Times Group (MTG) to buy its 95 percent in Nova Broadcasting Group, the biggest Bulgarian commercial media group. Bulgarian regulatory authority later blocks the sale.
- 22 - Energy utility CEZ announces it is withdrawing from Bulgaria and will sell its local assets to Inercom Bulgaria. Bulgarian antitrust office blocks the deal and CEZ and Inercom file suit. In early Dec, CEZ says it will launch talks about sale of its Bulgarian assets with India Power.
- Interior Minister Lubomir Metnar removes Ceska posta CEO Martin Elkan from his post. Babis says later that Ceska posta is in decline, is non-transparent and lacks strategy. In later April, Roman Knap, head of SAP CR and SAP Slovakia, wins tender for new Ceska posta CEO.

28 - Pavel Sury resigns from post of CEO of railway infrastructure administration company SZDC. On March 22, SZDC board appoints Jiri Svoboda as new CEO.

MARCH

1 - Industry Minister Huner sends Australian company European Metals Holdings (EMH) revocation of memorandum on lithium mining in northern Bohemia. EMH says in Oct it has gained permit for drilling campaign.

- Retail chain Tesco announces it is selling department store My in centre of Prague.

2 - Unit 1 of Temelin nuclear power plant resumes operation after 83-day shutdown.

5 - Car manufacturer Skoda Auto board chairman Bernhard Maier says Skoda will invest about EUR2bn in alternative fuels and new mobility services in next five years.

6 - Regional Court in Brno cancels fines totalling Kc300.7m imposed on construction companies for cartel agreement. Case is returned to UOHS antitrust office. The firms fined include Hochtief, OHL ZS and Strabag.

9 - Supervisory board of petrochemical group Unipetrol dismisses board chairman Andrzej Modrzejewski, who is replaced by Krzysztof Zdziarski.

11 - It is announced that SPV VTK company of entrepreneur Jaroslav Strnad will enter Vitkovice Heavy Machinery (VHM) of Vitkovice Machinery Group. Thanks to Strnad's financial assistance, VHM resumes its steelworks operation after several months in April. SPV VTK gradually becomes VHM's majority owner.

13 - Soft drinks group Kofola is buying Czech herbal tea producer Leros.

21 - Investment group PPF announces it has agreed with Norwegian firm Telenor to buy its telecommunication assets in Central and Eastern Europe for about Kc71bn.

- Chamber of Deputies approves amendment to the tax code stating that banks, building societies, credit unions and payment card issuers will have to provide data stemming from the law against money laundering to authorities.

26 - Czech Export Bank supervisory board dismisses CEO and board chairman Karel Bures. He is replaced in both posts by Jaroslav Vyborny.

APRIL

3 - Hartenberg fund, part of PM Babis's trust funds, announces it is buying majority stake in Astratex, Central Europe's largest online underwear retailer.

4 - State becomes owner of miner OKD again. OKD shares are taken over by reps of state-run company Prisko, for which state pays almost Kc80m. Boleslav Kowalczyk becomes OKD board chairman and managing director.

5 - Lesy CR says it will lose about Kc2.5bn due to early termination of contracts by some forestry companies. They terminated contracts that were loss-making for them as of Dec 31, 2017. They had been offered this option by Lesy CR based on government's decision made in response to surplus of timber on market after calamities.

6 - Court declares bankruptcy of engineering company Vitkovice strojirny based on its own petition. Most of its 600 employees leave.

11 - Consortium of SkyToll and CzechToll wins tender to operate Czech toll collection system. In Sept, UOHS rejects objections raised by current operator Kapsch. Transport

Ministry subsequently concludes contract with CzechToll/SkyToll for ten years.

- Long-lasting and difficult collective bargaining ends at Skoda Auto. Threat of strike is thus averted at last moment.

12 - Bankrupt steelworks Poldi is auctioned for Kc261m. The interested party, however, fails to pay deposit, like winners of previous auctions. Poldi is auctioned again for Kc251m in June and for Kc256m in Aug. No further party interested to buy Poldi in auction appears.

13 - Newcastle disease appears in poultry in CR after 20 years. Extraordinary measures are introduced. They are called off in May.

- Dukovany nuclear power plant starts unplanned shutdown of unit 4 to perform detailed checks of piping in secondary non-nuclear part. Outage lasts nine days. Later in April, Dukovany shuts down unit 3 for the same reason.

17 - Czech Media Invest (CMI), co-owned by billionaire Daniel Kretinsky, announces it is buying radio stations in Czechia, Poland, Slovakia and Romania from Lagardere for Kc1.8bn.

- Czechia and Slovakia are granted five-year opt-out by European Commission for using rum flavour in making "tuzemak" (Czech rum). According to European Food Safety Authority, the flavour contains carcinogenic substances.

- According to International Monetary Fund's outlook, Czech GDP growth will slow down this year to 3.5 percent.

18 - Penta Investments announces its Dr.Max pharmacy network will enter Chinese market.

25 - PPF completes acquisition of 100 percent in engineering group Skoda Transportation including other assets related to its activities. Petr Brzezina becomes Skoda Transportation CEO and board chairman.

27 - Czech lottery company Sazka Group of billionaires Karel Komarek and Jiri Smejck buys Croatian firm SuperSport, biggest sports betting provider on local market.

- Josef Stredula is re-elected as chairman of CMKOS, biggest trade union umbrella organisation.

30 - Government approves memorandum of cooperation with German car maker BMW, based on which BMW can obtain investment incentive to build testing centre near Sokolov. In Nov, government decides to provide BMW with incentive of up to Kc528.75m.

JUNE

12 - Banks remain highly resilient to potential negative shocks including deep recession, according to CNB stress tests.

- Prague city councillors agree that Prague would pay Kc1.754bn for 49 percent stake in Prazske vodovody a kanalizace (PVK) water utility.

15 - Court describes CNB's withdrawing of WPB Capital credit union's licence in 2014 as inadequate interference.

20 - Skoda Transportation says it would supply 80 trams worth nearly Kc7bn to Germany.

21 - Kofola says it is buying Slovak mineral water producer Klastorna.

- Skoda Transportation says it won tender for supply of 45 new trains for Warsaw metro worth roughly Kc6.5bn.

22 - UOHS antitrust office approves CITIC's entry into CEFC Group Europe owing stakes in some Czech companies.

- Skoda Auto says it is taking over responsibility of Volkswagen Group's activities in India.

23 - Vaclav Paces, Robert Stastny and Petr Polak leave CEZ supervisory board. Lubomir Lizal, Karel Tyll and Otakar Hora are appointed new members.

27 - President Zeman appoints second government of Andrej Babis (ANO), comprised of ANO and Social Democrats (CSSD) and supported by Communists (KSCM).

- CNB Bank Board raises interest rates by 0.25 percentage point to 1 percent.

28 - ZPSV railway sleepers maker gets acquired by Leonhard Moll Betonwerke, German company operating in the same line of business.

29 - Czechia wins international arbitration over more than Kc550m with British A11Y LTD., company involved in visual impairment aids. Company claimed that the state had discriminated against it.

JULY

3 - Czech crown's exchange rate hits this year's low to euro, sinking to Kc26.075/EUR.

- ABF company takes over Incheba Expo Praha, organiser of trade fairs at Prague's Vystaviste exhibition grounds.

4 - Dukovany nuke plant makes unplanned shutdown of unit 4 to check circulation pump, and ends planned outage of unit 1. Unit 4 resumes operation on July 13.

10 - Court approves reorganisation of Veba Broumov, textile company in insolvency proceedings.

13 - Transport Minister Dan Tok removes Milan Feranec from post of Ceske drahy supervisory board chairman, appointing former transport minister Petr Moos, and four members of the board.

- Trade unionists say they sold House of Trade Unions in Prague's Zizkov, with the price estimate at around Kc1bn.

18 - Svatava Maradova resigns as head of State Land Office (SPU) after agreement with Agriculture Minister Miroslav Toman, with Martin Vrba being entrusted with the job.

- Aero Vodochody aircraft manufacturer presents F/A-259 Striker aircraft at the Farnborough Airshow near London.

24 - Europe Easy Energy company of Bohemia Energy group says it is buying Amper Market alternative energy supplier.

27 - Vitkovice says Vitkovice Mechanika will gain strategic investor - Supermetal company.

31 - Government appoints Vratislav Kostal new chairman of Energy Regulatory Office (ERU) Board, effective from Aug 1. Chairman Vladimir Outrata stays as Board member.

- Finance Ministry in its latest forecast worsens its economic growth estimate for this and next year to 3.2 percent and 3.1 percent, respectively.

AUGUST

2 - CNB Bank Board raises basic interest rate by 0.25 percentage point to 1.25 percent.

- CNB in its latest forecast worsens economic growth estimate to 3.2 percent for 2018, keeping its estimate at 3.4 percent for 2019.

- Brno Regional Court rejects reorganisation plan of Kralovopolska RIA engineering company, declaring it bankrupt. Claims against company total Kc1.5bn.

13 - Agriculture Minister Toman says Josef Vojacek, head of Vojenske lesy a statky forestry company, will replace Daniel Szorad as CEO of Lesy CR as of Sept.

16 - Dutch insurer Aegon says it will sell its companies in Czechia and Slovakia to Dutch group NN. Value of transaction is about Kc4bn, according to Reuters agency.

17 - RS Tour tour operator declares bankruptcy.

21 - General meeting of Vitkovice, a. s. company decides to lower its share capital from Kc3.98bn to Kc132.8m by reducing nominal value of its shares from Kc300 to Kc10 apiece.

24 - Agrarian Chamber says this year's drought did Kc9bn-Kc11bn damage to Czech agriculture.

- EP Global Commerce (EPGC) company of Czech billionaires Daniel Kretinsky and Patrik Tkac says it is buying into German company Metro AG which owns wholesale stores Makro in Czechia. EPGC will gain 7.3 percent stake in Metro and option for another 15.2 percent.

26 - Eco Investment, a group owning Labe Wood company, says Labe Wood will build EUR100m (Kc2.6bn) sawmill on premises of Mondi Steti paper maker.

28 - General meeting of Unipetrol approves squeeze-out of minority shareholders.

30 - Czech investment group Solek Group says it has sold its Chilean photovoltaic power station projects to Canadian company CarbonFree. Transaction price might be some Kc2.9bn, according to market sources.

- Austria's Erste Group says it wants to squeeze out minority shareholders of Czech bank Ceska sporitelna. General meeting decides to squeeze them out in Oct.

SEPTEMBER

1 - Discounts on bus and train fares for pensioners and students take effect. Prices are reduced by 75 percent,

4 - Swiss Life financial group says it is buying Fincentrum, major financial consultant company in Czechia, becoming leader on Czech and Slovak independent financial consultancy markets.

11 - Ceske drahy makes changes in management. Pavel Krtek leaves post of chairman of board of directors, being replaced by Miroslav Kupec. Krtek is then named board deputy chairman. Supervisory board removes Martin Belcik and Ludvik Urban from five-member board.

- Confederation of Commerce and Tourism says as of Oct its new president will be Tomas Prouza, former state secretary for European Union affairs, replacing Marta Novakova who was appointed Industry and Trade Minister.

12 - Chamber of Deputies passes amendment to law on abolition of the former National Property Fund, based on which government will be able to use money from the so-called privatisation fund without specifying purpose.

21 - UOHS antitrust office imposes Kc48m fine on Ceske drahy for taking part in cartel agreement within Italia Express project. AWT Cechofracht gets Kc3.67m fine.

25 - BM Management, company of financier Zdenek Bakala, says Bakala has filed lawsuit at US courts against Slovak entrepreneur Pavol Krupa over attempt to gain Kc500m in blackmail.

26 - CNB Bank Board raises basic interest rate by 0.25 percentage point to 1.5 percent.

OCTOBER

1 - Zentiva pharmaceutical company says it has new owner. French group Sanofi completed sale of Zentiva to Advent International, investment company based in the USA, with firms discussing the deal from April. Its price is EUR1.9bn (about Kc49bn), according to earlier information.

- CNB recommendations regarding stricter conditions for provision of mortgage loans by banks take effect.

2 - Orkla of Norway says that food companies Hame and Vitana, which it owns, will merge into Orkla Foods Cesko a Slovensko.

- Construction of D11 motorway's Hradec Kralove - Smirice section, 15.5 km long, begins.

4 - Forbes magazine says PPF group owner Petr Kellner remains the richest Czech, his net worth estimated at Kc310bn. PM Andrej Babis ranks second and KKCG group owner Karel Komarek is third.

8 - PPF launches process of merging Air Bank, Home Credit in Czechia and Slovakia and Moneta Money Bank to give rise to number two company in consumer loans and number three entity in terms of banking network under name Air Bank.

9 - Mafra, unit of Agrofert group, says it will take over Bauer Media publisher in Czechia and Slovakia.

12 - ArcelorMittal group says its Czech unit ArcelorMittal Ostrava and other enterprises in Europe will be acquired by Liberty House of Britain.

- Aero Vodochody presents new plane L-39NG, successor to legendary jet trainer L-39 Albatros.

17 - Supervisory board of CEPS power grid operator removes Jan Kalina from the post of chairman of the board of directors. Rene Nedela, deputy industry and trade minister, is elected new chairman of the supervisory board.

19 - Penam of Agrofert group says it bought UB Holding, sole shareholder of Czech company United Bakeries, that is controlled by Moulins de Kleinbettingen, a Luxembourg family company.

24 - Government decides to provide Kc2bn in compensation for drought to farmers and tree growers.

- Chamber of Deputies passes, in first reading, basic parameters of state budget for next year. Deficit is expected to go down to Kc40bn from Kc50bn envisaged for this year.

25 - French banker Matthieu Pigasse sells 49 percent share in Le Nouveau Monde, a holding company via which he co-owns daily Le Monde, to Czech Media Invest (CMI) company owned by investor Daniel Kretinsky.

26 - Prague bourse's PX index hits lowest level this year, 1,031.63 points.

30 - PM Andrej Babis says service life of nuke plant Dukovany might be extended by 10 years, costs would reach Kc20bn, with new reactor to cost some Kc200bn. New unit might be built at Dukovany whose service life is estimated to end around 2035.

31 - Court declares textile company Vespa Prostejov bankrupt. Vespa Prostejov filed for insolvency because of debts.

NOVEMBER

1 - Financial Administration CEO Martin Janecek says he wants to leave the post as of Dec 27.

- CNB Bank Board lifts interest rates, with basic rate rising by 0.25 percentage points to 1.75 percent.

- CNB worsens, in its new forecast, estimate of Czech economic growth to 3.1 percent this year and 3.3 percent next year.

- Entrepreneur Zdenek Bakala says he sold real estate complex in Prague's district of Karlín to property fund Amundi Czech Republic. Forum Karlín is part of the complex.

4 - Dukovany shuts down unit 4 because of check of one of its steam generators and potential removal of defect. The unit's two-month regular outage ended on Nov 2, and it resumed power supplies on Nov 19.

6 - Finance Ministry, in its new forecast, downgrades GDP growth estimate to 3.0 percent this year and 2.9 percent next year.

- General meeting of Prague waste management company Prazske sluzby approves squeeze-out of minority shareholders, with Prague to become its sole shareholder.

- Jihozapadni drevarska company wins Kc8bn tender 2019+ of state-run Lesy CR for logging work and timber sales, with the best offer for 12 out of 47 territorial units included in the tender process.

7 - Petr Zahradnik, deputy director of research centre for forestry and game management (VULHM), says the current bark beetle calamity is the biggest in Czechia's history, with the pest expecting to infest 12-15 million cubic metres of wood this year following some six million cubic metres last year.

- Based on government decision, Czechia will use European Investment Bank loan worth Kc11.5bn for modernisation of railways in 2019-2025.

8 - Czech unemployment goes further down to 2.8 percent in October, with number of job seekers at 215,622, the lowest number since June 1997.

13 - Czech crown hits the lowest level to dollar at Kc23.05/USD this year.

- CETIN, a company operating telecoms networks, says that Juraj Sedivy, former head of Telefonica O2 Slovakia, will be its CEO and board chairman as of Jan 2019 to replace CEO Petr Slovacek and board chairman Martin Vlcek.

15 - Supervisory board of UniCredit Bank CR and Slovakia approves appointment of Jakub Dusilek new board chairman and CEO of the bank as of April 2, 2019 to replace Jiri Kunert who was at the head of the bank for 30 years.

- First train runs through new Ejovice tunnel, longest Czech railway and road tunnel 4,150 metres long. For all trains in both directions, the tunnel is launched on Dec 9.

16 - CTP developer says it sold three Czech industrial parks worth EUR460m (about Kc12bn) to German investment company Deka Immobilien.

- Volkswagen says it will move production of its Passat models to Skoda Auto's plant in Kvasiny by 2023. In Kvasiny, eastern Bohemia, they will be made alongside Skoda Superb and Kodiaq models. Production of Skoda Karoq and Seat Ateca models produced in Kvasiny will be transferred to new plant to be built in Eastern Europe.

20 - Government decides to raise minimum wage by Kc1,150 to Kc13,350 as of Jan.

21 - President Milos Zeman appoints Tomas Holub and Ales Michl new members of CNB Bank Board (as of Dec 1) and board members Marek Mora and Tomas Nidetzky CNB vice-governors to replace Mojmir Hampl and Vladimir Tomsik whose mandates expired.

- Avia Motors says it will end Avia lorry production in Prelouc, eastern Bohemia, in Jan 2019. It will continue supplying spare parts and will focus on electric cars. Avia Motors launched mass production of Avia D 120 4x2 Euro 6 Initia cars in Feb.

- Czech economic growth will slow down to 3 percent this year from 2017's 4.5 percent, according to OECD (Organisation for Economic Co-operation and Development) report.

- Toyota will produce vehicles for both companies of TPCA, a joint venture of Japanese Toyota and French PSA Group, once it takes over the TPCA Kolin plant in January 2021, companies say.

26 - PM Andrej Babis says the government's national investment plan comprises over 17,000 projects worth Kc3,450bn for years 2019-2030, with Kc1,230bn worth of projects envisaged until 2022. Transport Ministry proposes projects worth some Kc2,000bn.

27 - Energy Regulatory Office (ERU) says regulated price of electricity for households will rise by 2.2 percent on average. Price decision is signed by three of five members of ERU board. Board chairman Vratislav Kostal and board member Rostislav Krejcar do not sign the document due to long-term disputes on the board, according to CTK's sources.

29 - Kostal says will leave the post and the board as of Nov 30.

- Finance Ministry says it wins court dispute with investment company Akro and state will get back about Kc2bn it had to pay as compensation to Akro six years ago in connection with case of C.S. Fondy funds having been stripped of assets.

DECEMBER

4 - RSD launches construction of D35 motorway's section Casy - Ostrov, 14.7 km long.

5 - It is announced that Petr Kudela is new chairman of the board of directors at national air carrier Czech Airlines (CSA), replacing Jozef Sincak whose term was not extended by CSA's general meeting.

6 - Skoda Auto presents Scala model, successor to Skoda Rapid.

