

Croatia: Business & Investment Climate in CEP Business

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**WENN'S WIRKLICH
WICHTIG IST, DANN
LIEBER MIT DER POST.**



Austrian Post Investments in Croatia

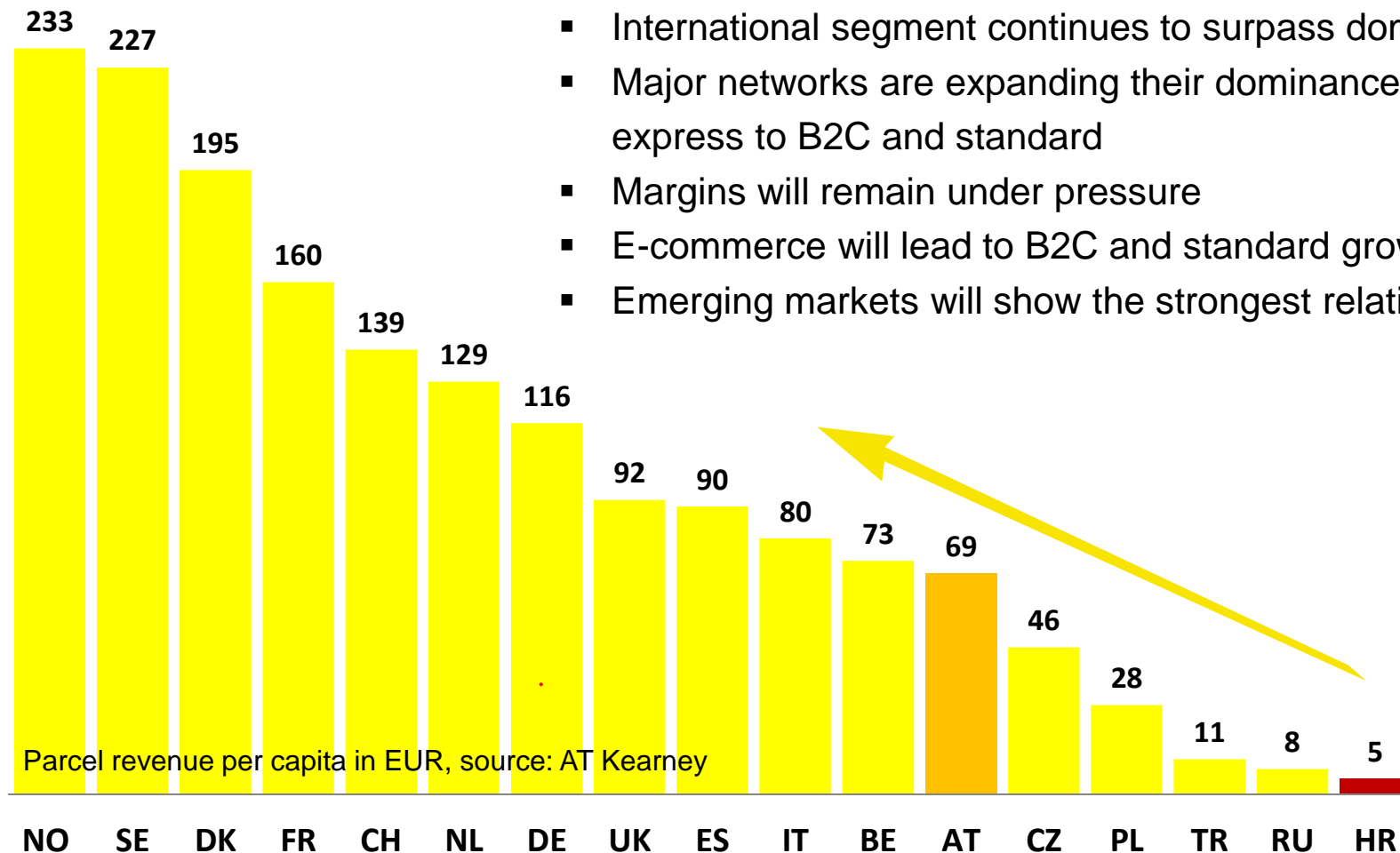


- 2003: Overseas Express
- 2007: Weber Escal
- 2009: Investment in headquarter and sorting technique



Why do we invest in Croatia?

Trends and outlook for CEP market



Parcel revenue per capita in EUR, source: AT Kearney

- International segment continues to surpass domestic
- Major networks are expanding their dominance from express to B2C and standard
- Margins will remain under pressure
- E-commerce will lead to B2C and standard growth
- Emerging markets will show the strongest relative growth



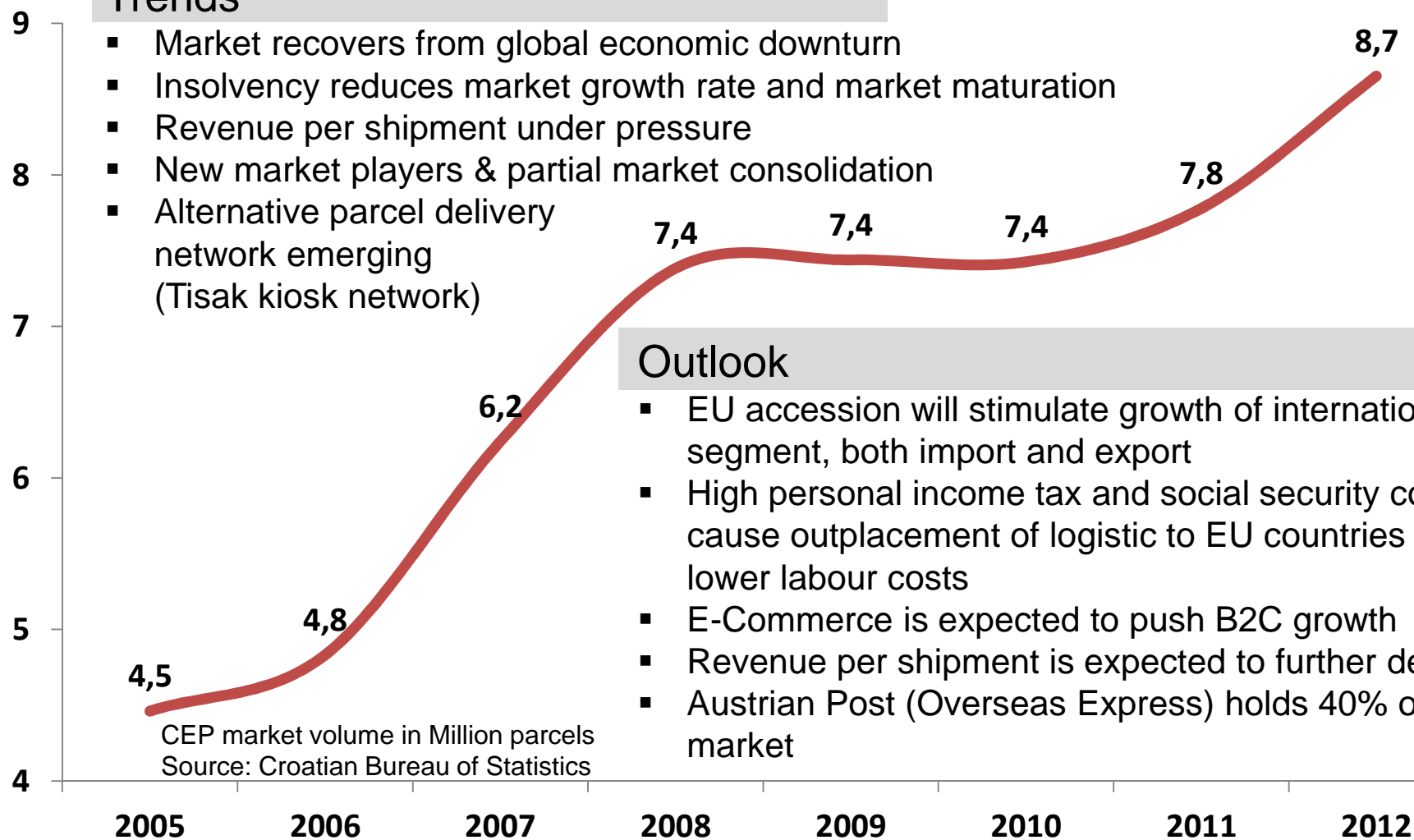
CEP Market in Croatia

Trends

- Market recovers from global economic downturn
- Insolvency reduces market growth rate and market maturation
- Revenue per shipment under pressure
- New market players & partial market consolidation
- Alternative parcel delivery network emerging (Tisak kiosk network)

Outlook

- EU accession will stimulate growth of international segment, both import and export
- High personal income tax and social security costs to cause outplacement of logistic to EU countries with lower labour costs
- E-Commerce is expected to push B2C growth
- Revenue per shipment is expected to further decrease
- Austrian Post (Overseas Express) holds 40% of CEP market



Opportunities for growth

Labour efficiency increase

- Labour law loosening in terms of employment contract and severance payments
- Lowering labour costs (effective personal income tax and social security contribution costs 48,8% in HR)



Opportunities for growth (cont'd)

Insolvency & Security

- Resolving insolvency by shortening procedures with significantly higher recovery rate (rate of recovered receivables of claimants from an insolvent firm 30,1% in HR vs 70,6% in OECD)
- Increasing creditors security (raising protection in pre-bankruptcy settlements)



Oportunities for growth (cont'd)

Infrastructure

Neum corridor (more expensive and complicated delivery of goods to southern part of HR due to customs brokerage procedures)



Opportunities for growth (cont'd)

E-Business

- Stimulate SME business growth, especially production and export
- Stimulating E-Business development, especially digital signage, digital archiving and paperless customs brokerage & invoicing
- Stimulating of digital citizenship, especially in terms of E-Commerce

Environment

- Stimulating eco-friendly deliveries (hybrid/electric vehicles)



Question

**What is the single biggest chance that
Croatia has from EU accession?**

