European Polytechnic Institute Ltd., Kunovice

Study Field: Finance and Tax

BRANCH ANALYSIS OF THE ABOVE STANDARD PRODUCT OF THE SLOVAK INFORMATION AND MARKETING COMPANY

(Bachelor's thesis)

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Assignment of Bachelor's thesis topic

Dear student,

as a topic of your Bachelor's thesis in study programme Finance and tax, I assign to you

Branch inquiry as the above standard product of Slovak Information and Marketing Company

Outline

1. Introduction
2. Products of the company
3. Description of contemporary SIMS Branch inquiry
4. A theoretical look at branch analysis
5. Business cycles in the economy
6. Aim of branch analysis
7. Evaluation of branch results
8. SIMS Branch inquiry in 2009
9. Data content
10. Information value of SIMS Branch inquiry in a new structure
11. Sources of information
12. Assessment of a possible benefit for employer
13. Conclusion

Bachelor's thesis will be processed for: European Polytechnical Institute, Ltd. in Kunovice

This document is a part of your Bachelor's thesis.

In Kunovice: August 5th 2009

With regards,

Oldřich Kratochvíl
Honorary professor, Ing., Dr.h.c.
rektor

Declaration of originality:

I confirm that I am the sole author of this work under the supervision of Ing. Adriana Tinková and that all literary and expert sources used are listed in the Bibliography.

Kunovice, January 2010

Katarína Lamošová

Acknowledgements:

My thanks to Ing. Adriana Tinková for her professional help and methodical approach uring the preparation of this Bachelor thesis.

Kunovice, January 2010
Katarína Lamošová

Contents

The aim of bachelor thesis

The aim of bachelor thesis is to create branch analysis for snew non-standard product of Slovenská informačná a marketingová spoločnosť, a.s.. The analysis will consist of sector analysis, economical cycles and evaluation of sector results and the output will be in SIMS 2009 analysis. Execute analysis of qualification within new structure of recherché for SIMS. Evaluate how the targets were completed.

Introduction

As an employee of Slovak Information and Marketing Company, Inc. (SIMS) I am concerned with processing branch inquiries for clients of the SIMS. Referring to this fact, I drew on my own practical experience to a great extent when writing this thesis. The aim of my work was to propose a new structure and enrich data content in this product in a way which would satisfy the demanding requirements of clients of our company.

Slovak information and Marketing Company, Inc. (SIMS) was established in 1992 as an agency concerned with the collection and process of economic, credit, administration and marketing information specifically from Slovak market. The SIMS services are used primarily by the Slovak Bank Sector and State Administration. [1]

SIMS has a stable information base which is used for benefit of its clients throughout the entire existence. It achieved a high quality level of its products due to the individual approach and communication with clients. [1]

Trade policy of the SIMS is focused on the sale of information products with high information value. SIMS relies on its professional knowledge and experience when dealing with identification, appraisal of opportunities and risks connected with the business background in the SR. Its reporting products and services are online available and ready to help clients with establishing new business connections, to speed up the realization of sales and eliminate its trading risks. High reliability and quantity of data is guaranteed by the extremely strict and verifying extensive criteria imposed by the State Administration, financial sector as well as the professional approach of the SIMS employees. [1]

1 Products of the company

The basic product of the SIMS is information system – a specialized reporting service Global Slovakia, which includes more than 680 000 economic reports about active business subjects (both legal entities and physical persons) in the Slovak Republic and its inseparable parts are also the analysis and inquiries of branches of the Slovak Republic national economy. This reporting service ordinary enables company's clients on-line access to all economic reports, analyses and inquiries as well as creation their own marketing reviews, selections and comparisons. [1]

For reaching and keeping success in the market, SIMS has to renew its current products and constantly develop new ones by which it will approach closely to demands of its clients. The most important clients of the SIMS are several subjects from the bank sector whose priority is a control of risk. Data contained in the products of the SIMS are commonly very actual and professionally processed, however, the primary question still remains and that is whether their content corresponds with the needs and demands of the SIMS clients. To obtain new clients is necessary to modify the current products of the SIMS in a way that would satisfy demands of a wider range of buyers. [1]

1.1 Description of contemporary SIMS Branch inquiry

One of the products, which SIMS regularly processes and updates for the needs of its clients, is Branch inquiry. Inquiries for the branches of industrial production of the SR are being processed promptly, nevertheless, other ones referring to all branches of the national economy of the SR are processed on client's demand.

1.1.1 Data content

SIMS Branch inquiry in 2008 included 8 elementary points. The basis of data, fulfilling every single point of inquiries, was mainly the information coming from the data basis source of the SIMS, Statistical Office of the Slovak Republic, media information and other available sources.

List of the elementary points in SIMS Branch inquiry in 2008:

1. Status and characteristics of a branch
2. Entire look at the branch
3. Branch structure and its development
4. Important enterprises in a branch
5. Foreign trade
6. Development of wages and price indexes
7. SWOT analysis
8. Trends and perspectives

Pic. no. 1: Content of inquiry
Source: own

1.1.2 Information value

In the presently processed branch inquiries of the SIMS, higher ratio of value added product is missing. It represents an opinion of a processor on a position, current development, perspectives and opportunities of a monitored branch in the SR. Furthermore, it is essential to enrich them with graphical depictions in the particular sections which would assist a consumer of branch inquiry in quicker orientation in the branch issue.

Branch inquiry is an inseparable part of deciding processes of the SIMS clients already for a couple of years, however, by its innovation, content extension, simplification and new graphical depictions of development, it could attract a bigger interest of clients in this product.

2 A theoretical look at a branch analysis

2.1 Branch

A branch is understood from an aspect of a subjects' group analysis, which are similar in some aspect, when this similarity is determined by performing activities in a way of using technological order or an aspect of provided services. Division of branches is given by the branch classification of economic activities. [6, p. 15]

The individual branches of the national economy are differently sensitive to economic and financial changes in economy as a whole and also in environment where they operate. [3, p. 52] Economy is in continual motion, it always exists in a phase of its constant fluctuating (cyclic) development which is shown in diversification of increase and decrease of production, employment (unemployment), prices, import and export and other macroeconomic quantities. [4, s. 10] Consequently, the enterprises that are operating in particular branches perceive the development in its own branch as a whole very sensitively. For making a decision about the loan risk rate, investment in a branch or the enterprise's risk rate (either a business partner or the competition), it is also important to know some developing trends of the branch in which an enterprise operates. Branch analysis therefore measures sensitivity of branches to the business cycle, magnitude and way of government regulation, innovation rate in a particular branch. [3, p. 53]

2.2 Business cycles in the economy

For the evaluation of development in a branch and due to sensitivity of branches to the development in the national economy is necessary to know the current trends in the national economy and its business cycles. During business cycle, an aggregate economic activity is moving in several phases which interlock in the exact order. Each business cycle is unique by its own running – it differs from the other business cycles in duration as well as in intensity of fluctuation. It means that the individual phases do not have a steady duration and thus business cycle cannot be foreseen in advance. Business cycle is divided, regardless to the intensity reached and duration, on four phases:

a) recession; decline, decrease in economic activity;
b) bottom, saddle point, lower reverse point;
c) expansion; renewal, increase in economic activity;
d) top, upper reverse point, a plateau. [4, p. 89]

Recession as economic decline happens when the real GDP decreases for two successive terms. There is a general decline in economic activity in the recession phase; production decreases, market is getting rid of the excessive goods, excessive and non-profitable producers, excessive labour forces – recession is accompanied by an increase in unemployment, the amount of vacant manufacturing capacities, decline in profit rate, escalation of the competition, growing number of bankruptcies. It may outgrow to depression if there is a serious decrease of economic activity which is waging several years. Unemployment reaches more than 15 % and the real product constantly decreases. [4, p. 89]

Bottom represents the lowest point of decline in economy. The economic indicators stopped increasing. The economy mobilizes power; it starts the process of economic activity recovery with the influence of market system forces and with active, State participation in investments. [4, p. 89]

Expansion represents a gradual increase of various indicators of economic activity and normally a decline in unemployment. It consists of the economic renewal, expansion and strain of economy which is limited by upper reverse point. [4, p. 89]

Top means the apex of economic growth when the additions of economic quantities begin to reach zero values. It is the start of new business cycle. The process of business cycle in time is depicted by sine curves. [4, p. 89]

2.3 Aim of the branch analysis

Within the scope of the branch analysis, consumption opportunities, state of domestic or foreign market saturation, import intensity are analyzed. These data do not even have to have financial character and they are used in wider context. [6, p. 15] [9, p. 29] The

important characteristics of a branch analysis are investment intensity, sensitivity to technological changes, concentration of capital inside a branch and sensitivity to outer influences. It is essential to realize that branch analysis is substantial for comparison of firms with each other. Information related to the main indicators might help as initial comparative criterion. [6, p. 15]

1) According to the branch sensitivity effect on economic cycle, we determine the basic types of branches. We primarily recognize:

- Cyclical branches
- Branches which correspond to the values of quantites with the economic cycle process (expansion/recession),
- sensitive branches (construction industry, automotive industry, manufacturing industry),
- neutral branches,
- branches insensitive to economic cycle ,
- branches with low price elasticity (food industry , pharmaceutical industry),
- anticyclical branches ,
- branches independent on the cycle processes by their values of quantites or those with increasing values during recession (media, services). [3, p. 53]

2) Prediction of branch development comes from its historical conditions (turnovers, costs, profit, prices of shares), expected structural change and development of branches in time (growth rate).

Characteristics of branch prediction :

- Estimate of expected profit
- Prediction of turnovers in time (short/long run)
- Development of inflation, change in policy
- Economic and political expected changes
- Prosperity and branch growth in long run (10 years and more) [3, p. 54]

2.4 Evaluation of branch results

Evaluation and interpretation of results of a particular branch, or if appropriate, its comparison with the average result values in industry make an important point in a process of analyses and inquiries. Naming of basic problems, emphasizing new information, identification of basic deficiencies, marking the opportunities for improvement and change create altogether the important part.

In branch evaluation, we mainly take into consideration its present state and expected development, including its comparison with foreign countries according to available economic indicators. [6, p. 15] [7, p. 37]

3 SIMS Branch inquiry in 2009

SIMS Branch inquiry is basically the analysis of national economic branch of the Slovak Republic. It is a significant tool of clients' deciding process. SIMS is monitoring the development in all branches of Slovak national economy from various available sources during the year.

By analysis and synthesis of single partial information an inquiry is created whose task is to provide the SIMS clients' awareness of new circumstances that could considerably influence a risk control or deciding process.

Creation of branch inquiries is influenced by the following factors:

- who is current consumer of objective branch inquiries;
- to whom does SIMS want to offer them in the future;
- correct identification of expectations for current and future clients in terms of information value of objecive analyses;
- database, essential for marketing orientation of consumers. [8, p. 40]

Branch inquiry of the SIMS shows voluminous database of the SIMS, an inquiry is relatively clearly arranged and logically divided.

It is necessary to point out that this involves the branch inquiry which has considerable information value for enterprises working in a specific branch as well as for bank sector in order to judge the risk rate of enterprises operating in the particular branches. It is the analysis and the synthesis of data from various available sources whose processing would mean high difficulty in their collection, analysis and further processing for the SIMS clients.

List of branches of manufacturing in Slovakia, which SIMS standardly processes branch inquiries about:

1. Manufacture of food products and beverages.
2. Manufacture of textiles.
3. Manufacture of apparel; adjustment and colouring of fur.
4. Manufacture of leather, tanning; production of bags, saddlery goods and footwear.
5. Manufacture of wood, manufacture of goods made from wood and cork except the manufacture of furniture; straw goods production, wattle and related materials.
6. Manufacture of cellulose, paper and paper products.
7. Publishing, print and reproduction of taped record media.
8. Manufacture of coke, refined petroleum products and nuclear fuels.
9. Manufacture of chemicals and chemical products.
10. Manufacture of rubber and plastics products.
11. Manufacture of other non-metal mineral products.
12. Manufacture of metals.
13. Manufacture of basic metal and fabricated metal products except machinery and equipment.
14. Manufacture of machinery and equipment n.e.c.
15. Manufacture of business machines and computers.
16. Manufacture of electrical equipment and apparatuses n.e.c.
17. Manufacture of radio, television and communication equipment and apparatuses.
18. Manufacture of medical, precise and optical instruments, watches.
19. Manufacture of motor vehicles, tailers and semi-tailers.
20. Manufacture of others means of transport.
20. Manufacture of furniture; manufacture of n.e.c.

Pic. no. 2: List of branches
Source: own

3.1 Data content

Original data content in an inquiry was the base for proposal of content of the SIMS Branch inquiry . For the improvement of its information value and high added value of a product, it is necessary to integrate into inquiry some detailed analytical elements which make a product more compendious and help consumers in better and faster problem orientation of particular branches of the national economy.

3.1.1 Status and characteristics of a branch

In the introduction of every SIMS Branch inquiry, there is a certain evaluation of a given branch which contain colourful, graphically depicted status of a branch, one-word status description and status characteristics made from the analysis of available data about particular branches of the national economy of the SR that are also included in another inquiry content.

Evaluation of a branch comes from the comparison between certain economic indicators of a branch and average indicators of a selected part of the national economy (in case of branches with industrial production, it is a comparison between average industrial production values and its total) and likewise from the analysis of other circumstances which may contribute to the development of a contemporary branch status.

Possibilities of status determination and characteristics of a branch:

- GREEN COLOUR
- status : POSITIVE
- characteristics: STRONG ABILITY TO FULFILL LIABILITIES

Graphic depiction:

	Status	Characteristics
	**Positive**	**Strong ability to fulfill liabilities**

Pic. no. 3: Example of status depiction and characteristics of a branch - positive

Source: own

- ORANGE COLOUR

- status : STABLE
- characteristics: AVERAGE ABILITY TO FULFILL LIABILITIES

Graphic depiction:

	Status	Characteristics
	Stable	Average ability to fulfill liabilities

Pic. no. 4: Example of status depiction and characteristics of a branch - stable

Source: own

- RED COLOUR

- staus: NEGATIVE
- characteristics: SMALL PROBABILITY OF PUNCTUAL AND COMPLETE FULFILLMENT OF LIABILITIES

Graphic depiction:

	Status	Characteristics
	Negative	Small probabilty of punctual and complete fulfillment of liabilities

Pic. no. 5: Example of status depiction and characteristics of a branch - negative

Source: own

3.1.2 Branch highlights

In this part of inquiry, there are the main events of a branch that had influence on its development in the previous period, described in abbreviation and clear points. It may also contain a description of macroeconomic influences on a branch and a brief evaluation of the situation on a branch or a brief description of the main financial development of branch indicators. The points from branch highlights are more specifically worked up in other parts of an inquiry.

1.1.1 Entire look at a branch

The content of this part of an inquiry is created from selected economic branch indicators from the previous four years in descending years'order, whose source is Statistical Office of the Slovak Republic (ŠÚ SR). If the data from recent quarter of the present year is available, it is also mentioned in this part of an inquiry. ŠÚ SR introduces the data for industrial producing enterprises with the number of employees 20 and more in its own publications.

Source of the data in this part of an inquiry is a publication called The quarterly fingings in industry, which is issued in three-months period and is possible to buy in electronic form. Below the table containing monitored indicators of a branch, there is a graphic depiction of turnover and profit/loss branch development and a verbal description of development of particular indicators during monitored periods, expression of the percentage growth or decline of particular branch indicators in comparison with the last two periods and limiting periods.

Selected monitored indicators of a branch:

S.no.	Name of indicator	Description of indicator
1.	Number of enterprises	It expresses the number of enterprises in the end of selected monitored period. These are the enterprises with the number of employees 20 and more.
2.	Number of employees	It expresses the average number of employees (personal entities) in a branch during selected monitored period. It is stated in persons.
3.	Production	The data expressing financial value of total volume of a branch production produced during the entire monitored period for enterprises with industrial production. It is stated in millions of EUR.
4.	Value added	It represents the difference between turnover and its cost of purchasing intermediate products and services during the monitored preriod. It includes only the part of total value of products – or the total turnover which every producer added to the original value of processed material, semi-finished product and service [4, p. 14]. It

S.no.	Name of indicator	Description of indicator
		is stated in millions of EUR.
5.	Profit/loss before taxation	Profit (perhaps even loss) of a branch during monitored period. It is stated in millions of EUR.
6.	Turnover	The sum of turnover, turnover for service sale and turnover for articles of commerce which have been executed in monitored period. They are stated in millions of EUR.

Table no. 1: List of selected indicators of a branch

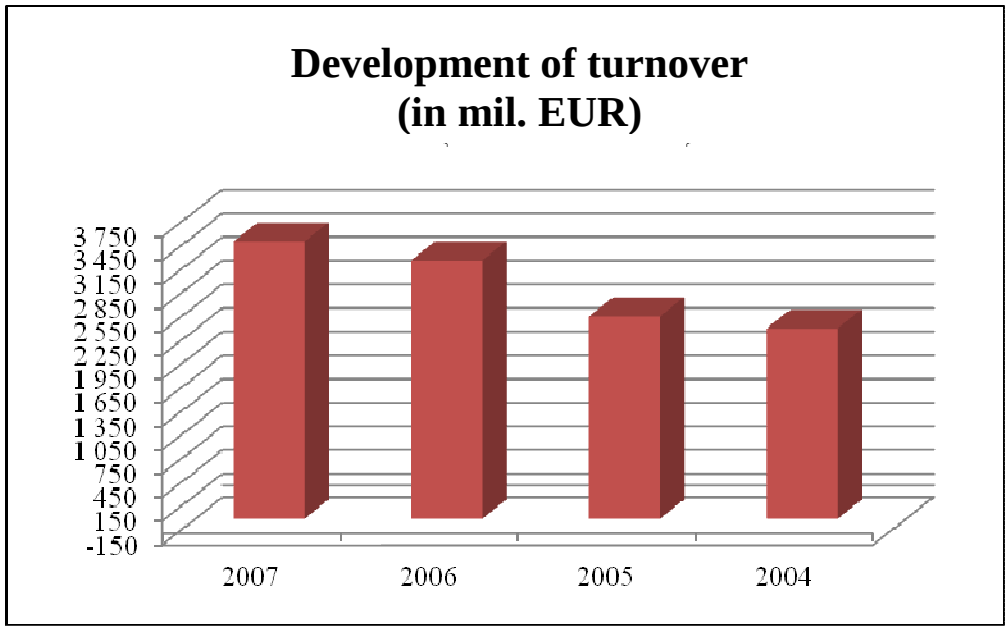
Source: own

Development of selected indicators of a branch:

Manufacture of machinery and equipment n.e.c	**2007**	**2006**	**2005**	**2004**
Number of enterprises	246	231	221	215
Number of employees	44 287	42 685	39 323	40 585
Production (in millions of EUR)	3 563	3 269	2 552	2 420
Value added (in millions of EUR)	764	752	641	624
Profit/loss before taxation (in milions of EUR)	207	177	86	58
Turnover (in milions of EUR)	3 514	3 275	2 565	2 414

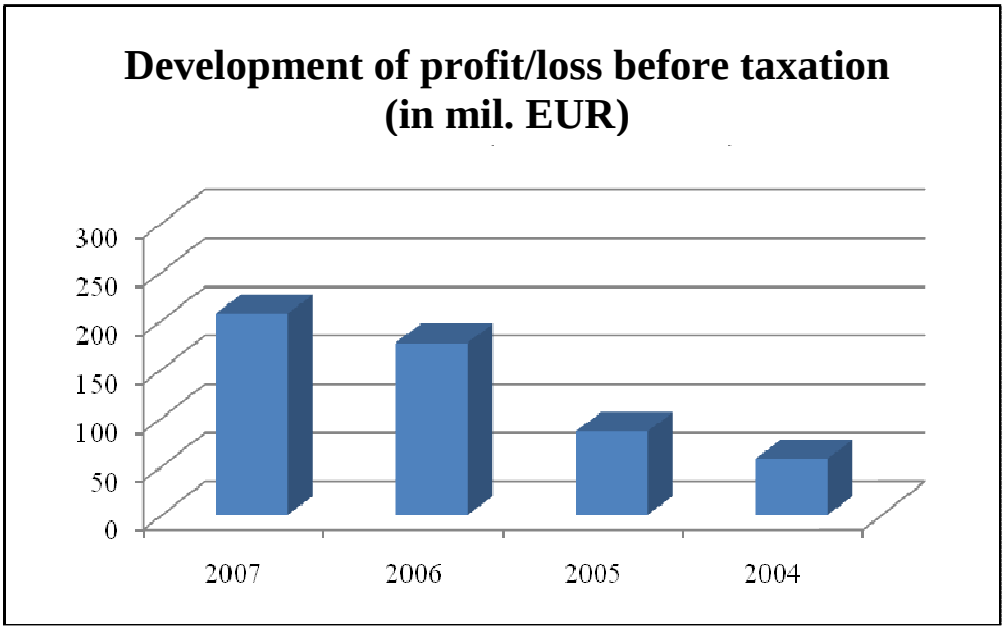
Table no. 2: Development of selected indicators of a branch

Source: own



Graph no. 1: Development of turnover

Source: own



Graph no. 2: Development of profit/loss before taxation

Source: own

3.1.3 Financial analysis of a branch

Financial analysis of a branch is an important part of new branch inquiry. It contains clear tables and graphs where comparison of selected indicators of a specific branch with the indicators of industry. The advantage of graphic depiction is that the quotient of a branch inicator on an indicator in industry is clearly visible at first sight. This ratio is also expressed in numbers in the text below graph.

Indicators included in financial analysis of a branch:

S.no.	Name of indicator	Description of indicator
1.	**Number of enterprises**	It expresses the number of enterprises in the end of given monitored period in a branch and the number of enterprises in the whole industry of the Slovak Republic. These are the enterprises with the number of employees 20 and more.
2.	**Average registered number of employee**	It expresses the average number of employees (personal entities) in a branch and industry of the SR during a

S.no.	Name of indicator	Description of indicator
		given monitored period. It is stated in persons.
3.	**Average monthly wage per employee**	It expresses the value of average monthly wage per employee in a given branch and employee in industry during monitored period. It is stated in EUR
4.	**Labour productivity per employee**	It expresses the quotient between turnover and number of employees (turnover per employee) in a branch and industry during monitored period. It is stated in millions of EUR.
5.	**Turnover**	The sum of turnover, turnover for sale of services and tirnover for articles of commerce which have been executed in a branch and industry during monitored period. They are stated in millions of EUR.
6.	**Production**	It expresses financial value of a total volume of a branch production produced during the entire monitored period in a branch and industry. It is stated in millions of EUR.
7.	**Value added**	It represents the difference between branch turnover and its cost of purchasing intermediate products and services during a monitored preriod. [4, p. 14] It is stated in millions of EUR.
8.	**Profit/loss before taxation**	Profit (perhaps even loss) of a branch during monitored period. It is stated in millions of EUR.
9.	**Stocks**	The data expressing financial value of stock status in a branch and industry of the SR in the end of monitored period. It is stated in millions of EUR.
10.	**Stock turnover period**	The indicator of action, which states how many days a stock turnover period lasts. It is expressed as a quotient of financial value of stock status in the end of monitored period and turnover, multiplied by the number of days during monitored period in a branch and industry. Formula for calculation: (stocks/turnover * 365) [5, p. 56]. It is stated in days.
11.	**Receivables**	The data expressing the amount of money that

S.no.	Name of indicator	Description of indicator
		consumers owe to a branch or industry in the end of monitored period. It is stated in millions of EUR.
12.	**Maturity period of receivables**	The indicator of activity which says how many days it lasts when money from receivables is collected and it also says about consumers' payment discipline. It is expressed as a quotient of financial value of receivables in the end of monitored period and turnover, multiplied by the number of days during monitored period in a branch and industry. Formula for calculation: (receivables/ turnover) * 360 [5, p. 56]. It is stated in days.
13.	**Liabilities**	The data expressing the amount of money that a branch or industry owes to its suppliers in the end of monitored period. It is stated in millions of EUR.
14.	**Maturity period of liabilities**	The indicator of activity which says about payment discipline of a branch and industry of the SR towards its suppliers. It expresses the lasting period of liabilities' settlement since the moment of its formation. It is expressed as a quotient of financial value of liabilities in the end of monitored period and turnover, multiplied by the number of days during monitored period in a branch and industry. Formula: (liabilities/ turnover) * 360 [5, p. 56]. It is stated in days.
15.	**Comparison of maturity period of receivables with maturity period of liabilities**	Comparison of maturity period of receivables with maturity period of liabilities determines the difference between a period of liabilities' repayment of a branch and a period of receivables' collection. It determines whether a branch is a recipient or a provider of business credit.

Table no. 3: Indicators included in financial analysis of a branch

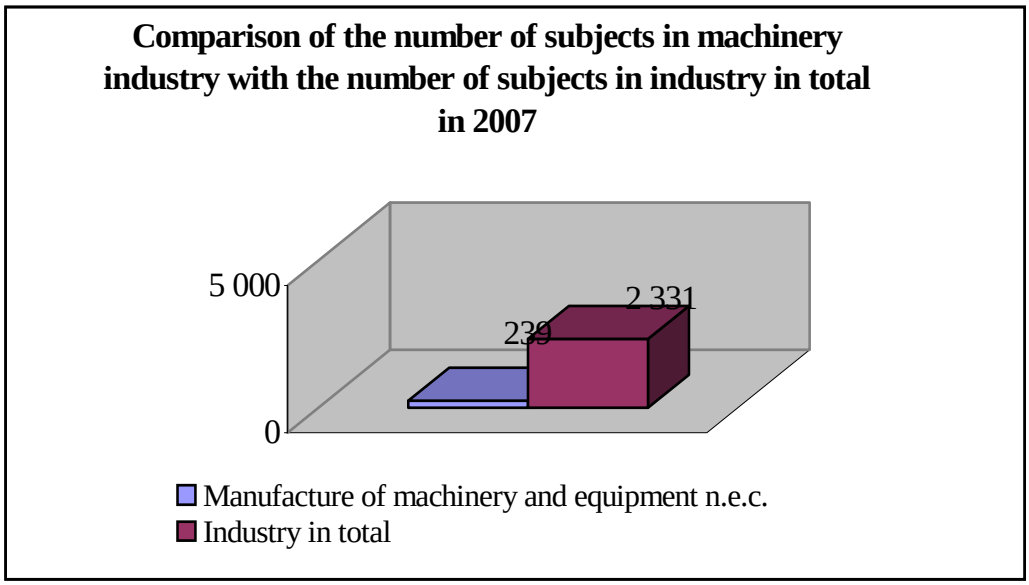
Source: own

Number of enterprises:

	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	239	223	221	215
Industry in total	2 331	2 241	2 293	2 128

Table no. 4: Comparison of the number of subjects

Source: own



Graph no. 3: Comparison of the number of subjects

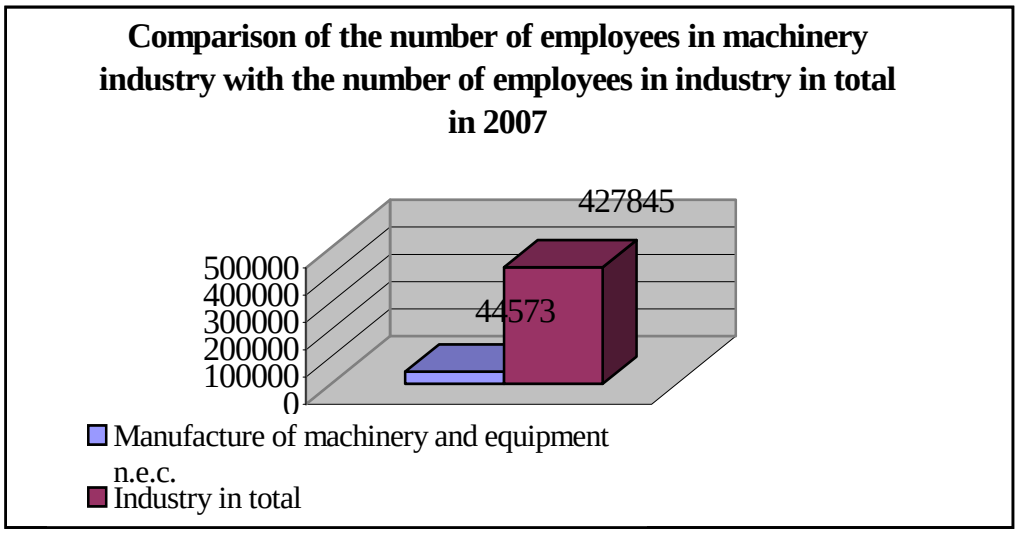
Source: own

Average registered number of employees:

persons	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	44 573	41 940	39 323	40 585
Industry in total	427 845	416 662	416 789	415 236

Table no. 5: Comparison of the number of employees

Source: own



Graph no. 4: Comparison of the number of employees

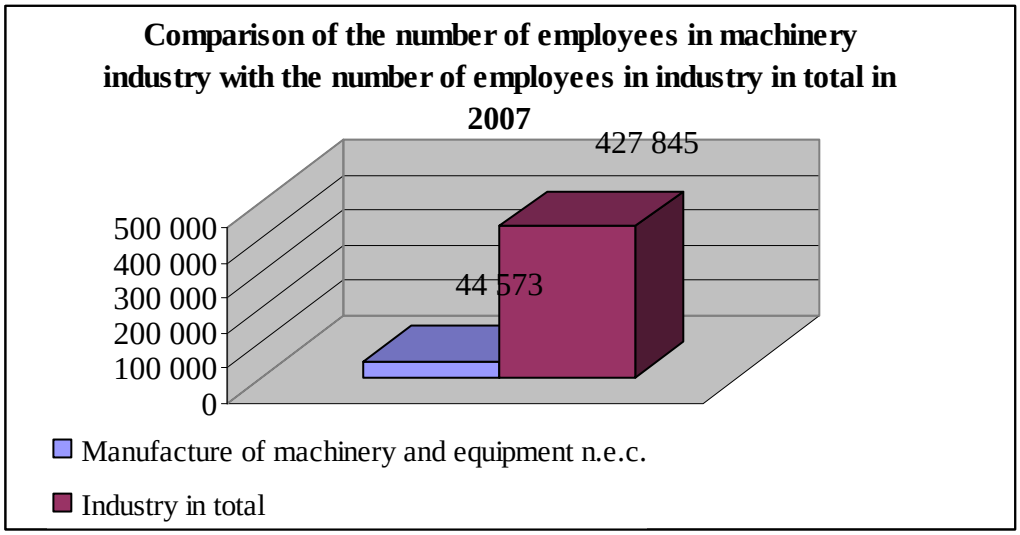
Source: own

Average average monthly wage per employee:

in EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	741,65	685,32	645,49	592,88
Industry	741,68	690,27	647,22	600,35

Table no. 6: Comparison of average monthly wage

Source: own



Graph no. 5: Comparison of average monthly wage

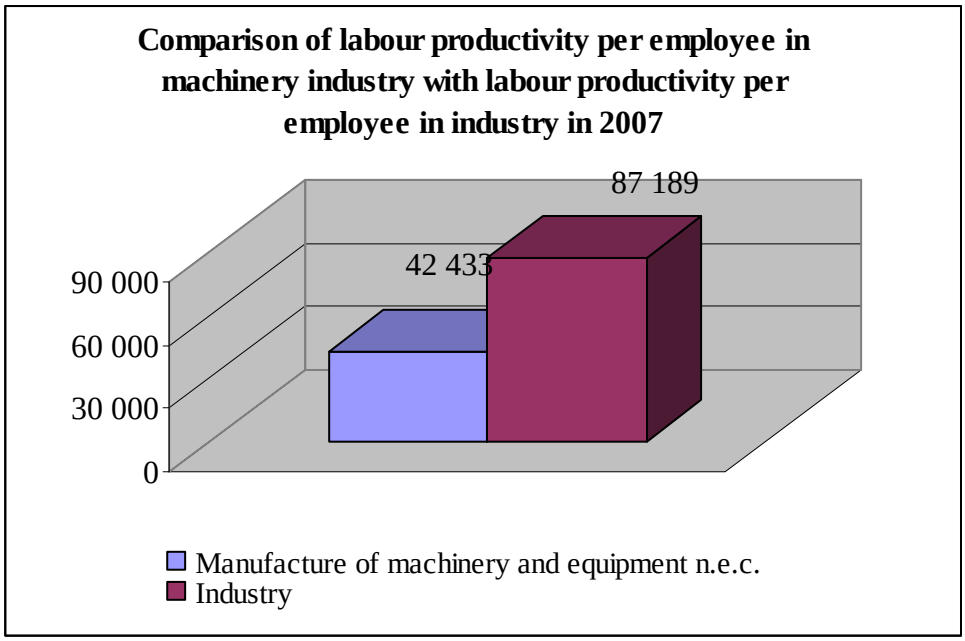
Source: own

Labour productivity per employee:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	42 433	54 122	59 478	59 478
Industry	87 189	104 473	124 291	101 135

Table no. 7: Comaprison of labour productivity per employee

Source: own



Graph no. 6: Comaprison of labour productivity per employee

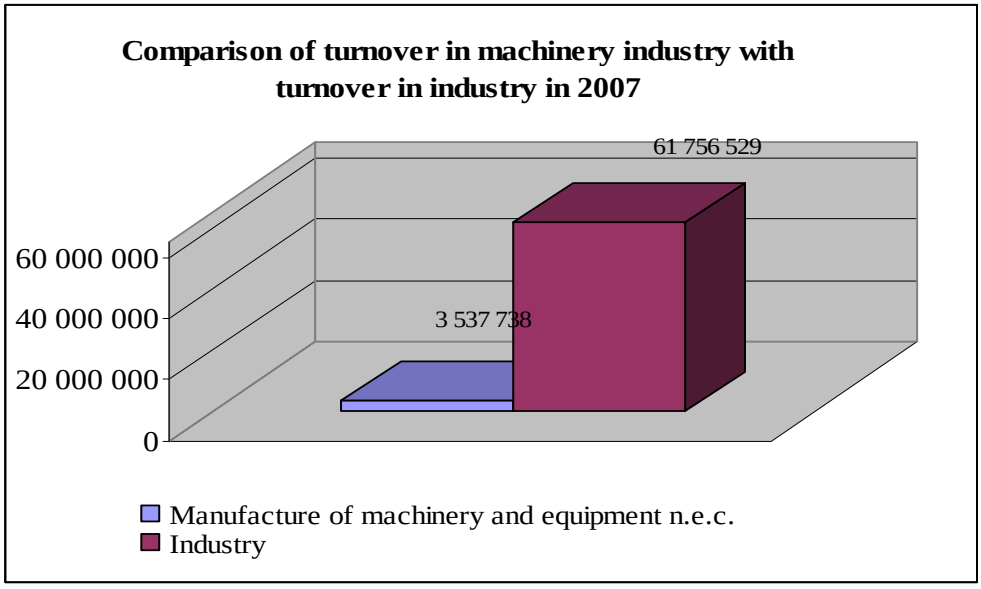
Source: own

Turnover:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c	3 537 738	3 140 892	2 565 454	2 413 898
Industry in total	61 756 529	54 667 329	45 902 570	41 994 955

Table no. 8: Comparison of turnover

Source: own



Graph no. 7: Comparison of turnover

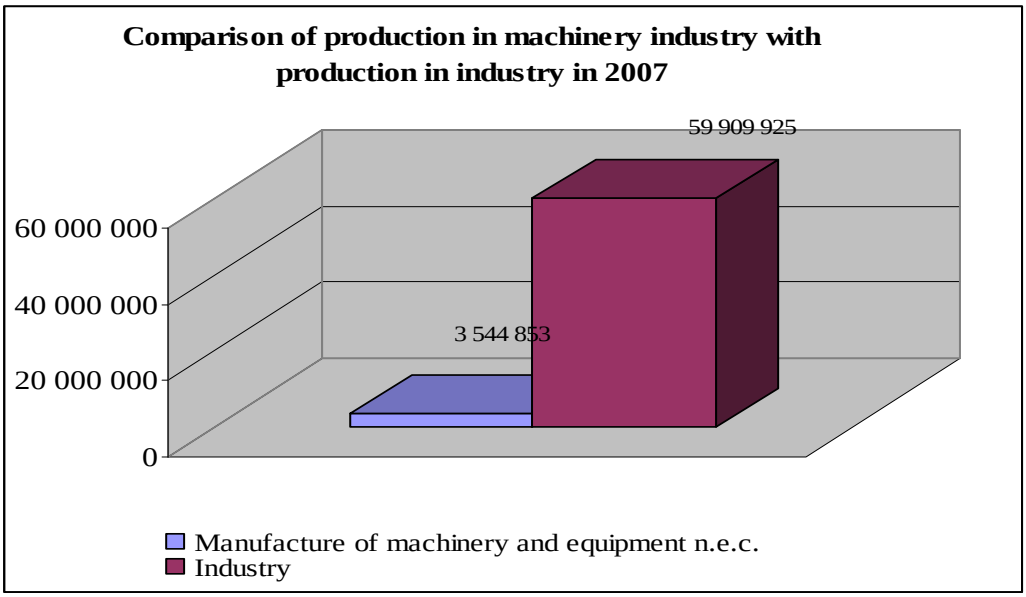
Source: own

Production:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c	3 544 853	3 121 541	2 552 059	2 420 020
Industry in total	59 909 925	52 685 149	44 652 838	41 184 550

Table no. 9: Comparison of production

Source: own



Graph no. 8: Comparison of production

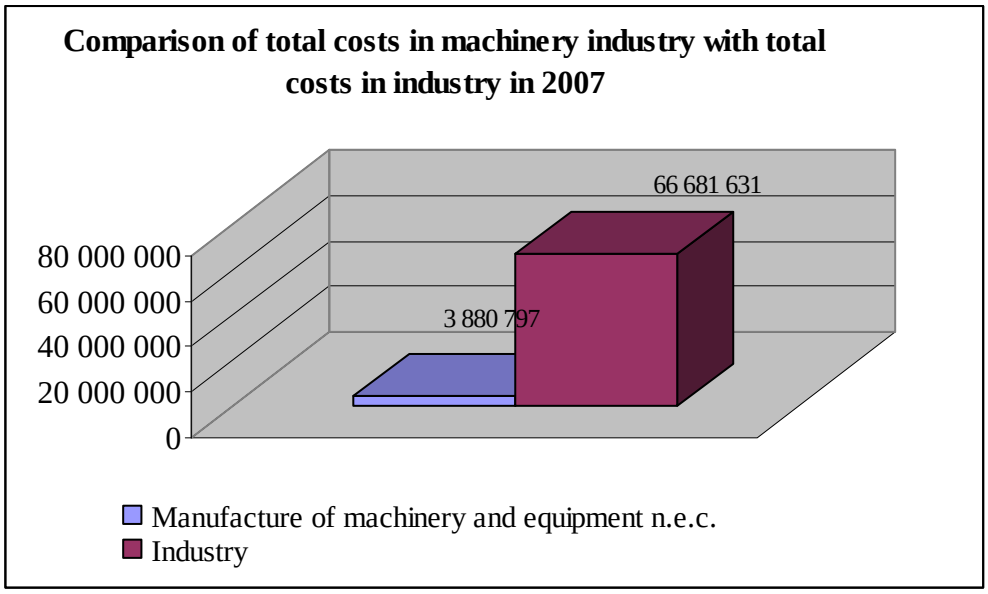
Source: own

Total costs:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	3 880 797	3 393 705	2 790 373	2 755 999
Industry in total	66 681 631	59 456 348	49 169 450	44 060 304

Table no. 10: Comparison of total costs

Source: own



Graf no. 9: Comparison of total costs

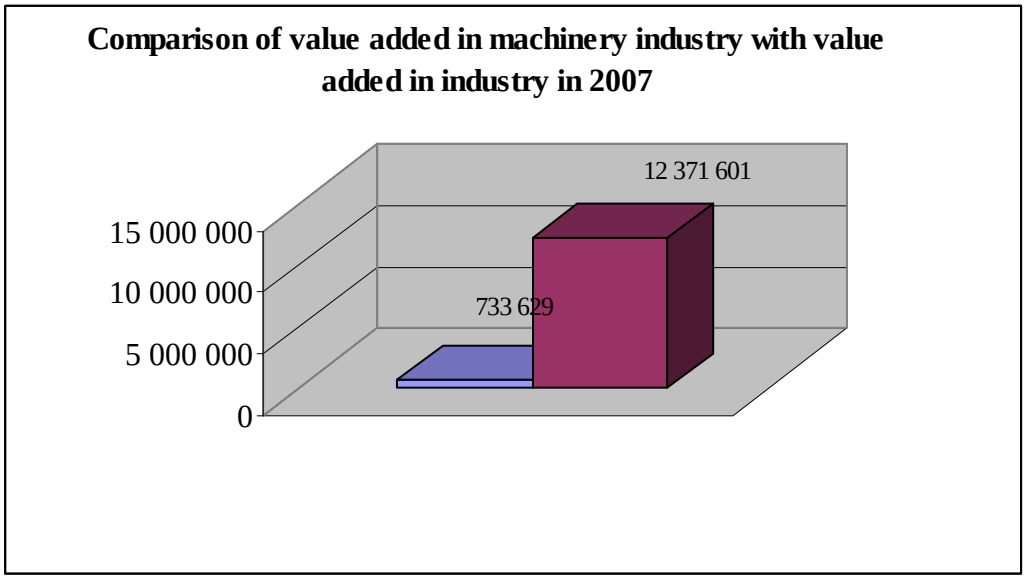
Source: own

Value added:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	733 629	681 363	640 718	623 995
Industry in total	12 371 601	11 730 480	10 606 402	10 124 421

Table no. 11: Comparison of value added

Source: own



Graph no. 10: Comparison of value added

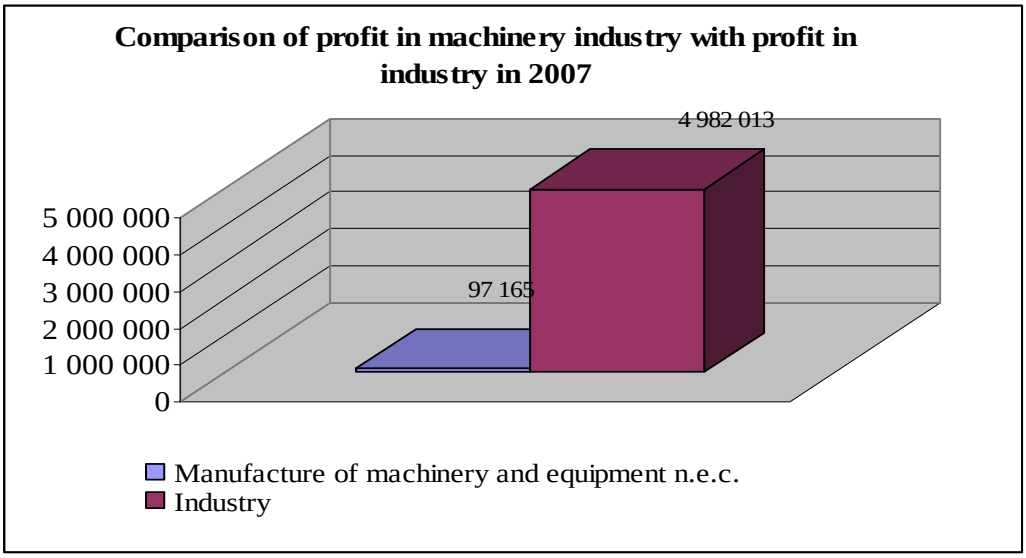
Source: own

Profit/loss before taxation:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	97 165	136 512	86 449	57 889
Industry in total	4 982 013	4 299 877	3 478 146	3 178 140

Table no. 12: Comparison of profit/loss before taxation

Souce: own



Graph no. 11: Comparison of profit/loss before taxation

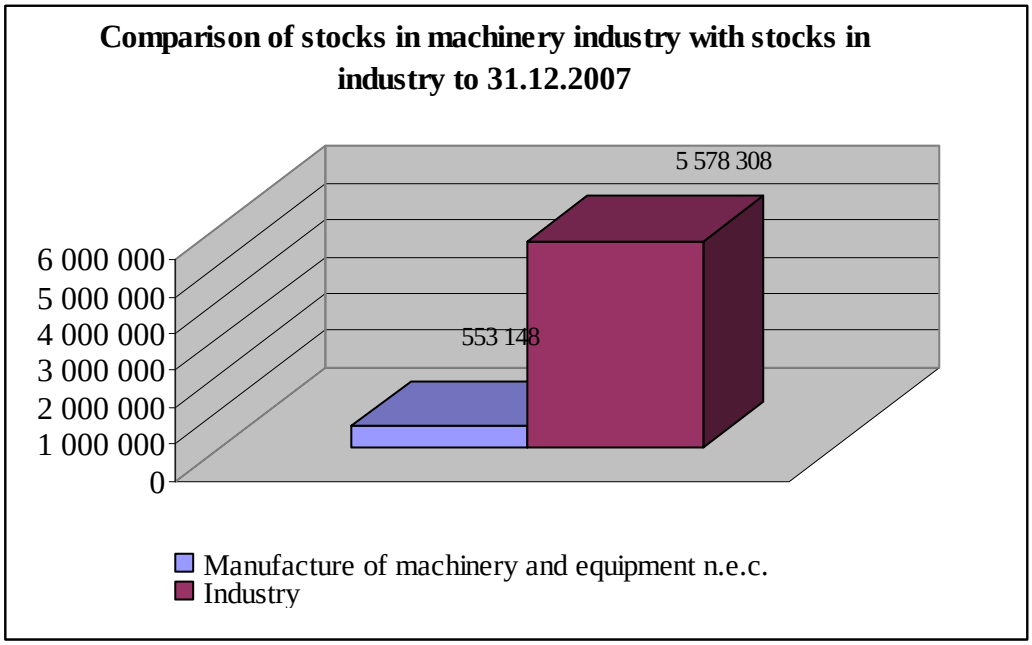
Souce: own

Stocks:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	553 148	473 558	414 336	404 564
Industry in total	5 578 308	5 037 670	4 467 031	3 976 070

Table no. 13: Comparison of stocks

Souce: own



Graf no. 12: Comparison of stocks

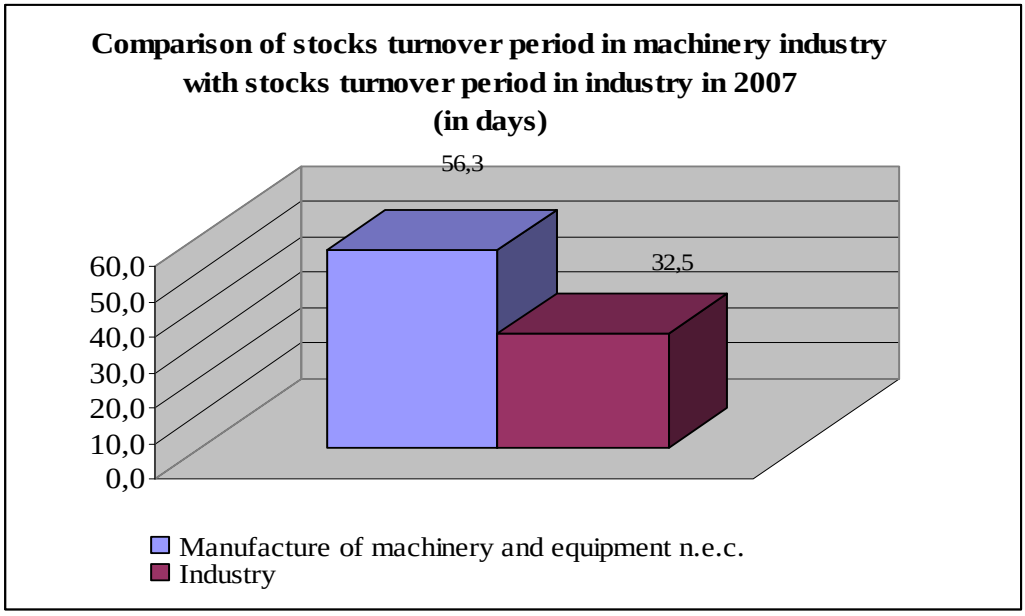
Souce: own

Stocks turnover period:

in days	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	56,3	54,3	58,1	60,3
Industry in total	32,5	33,2	35,0	34,1

Table no. 14: Comparison of stocks turnover period

Souce: own



Graph no. 13: Comparison of stocks turnover period

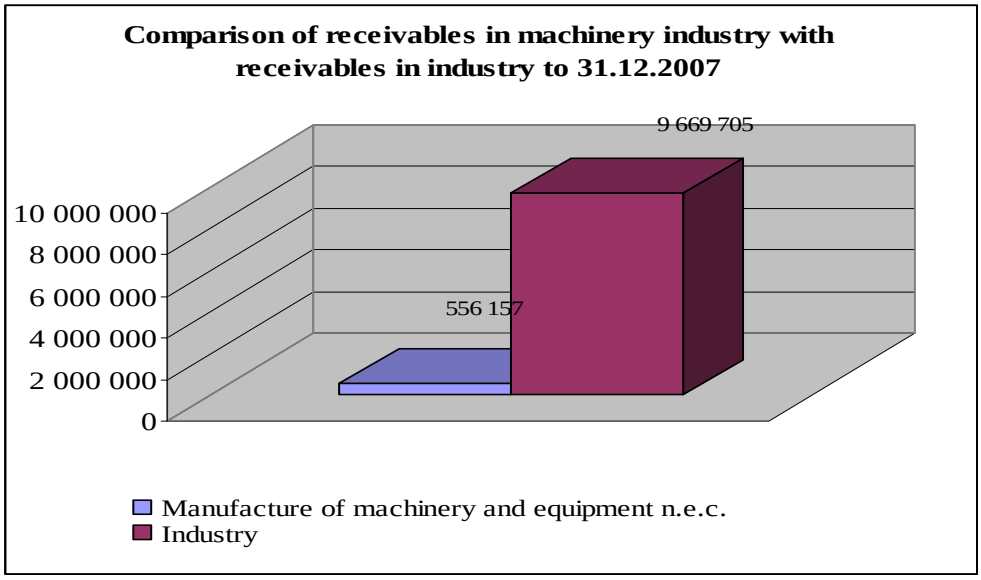
Souce: own

Receivables:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	556 157	513 394	452 182	402 402
Industry in total	9 669 705	7 754 288	7 227 881	5 832 990

Table no. 15: Comparison of receivables

Souce: own



Graph no. 14: Comparison of receivables

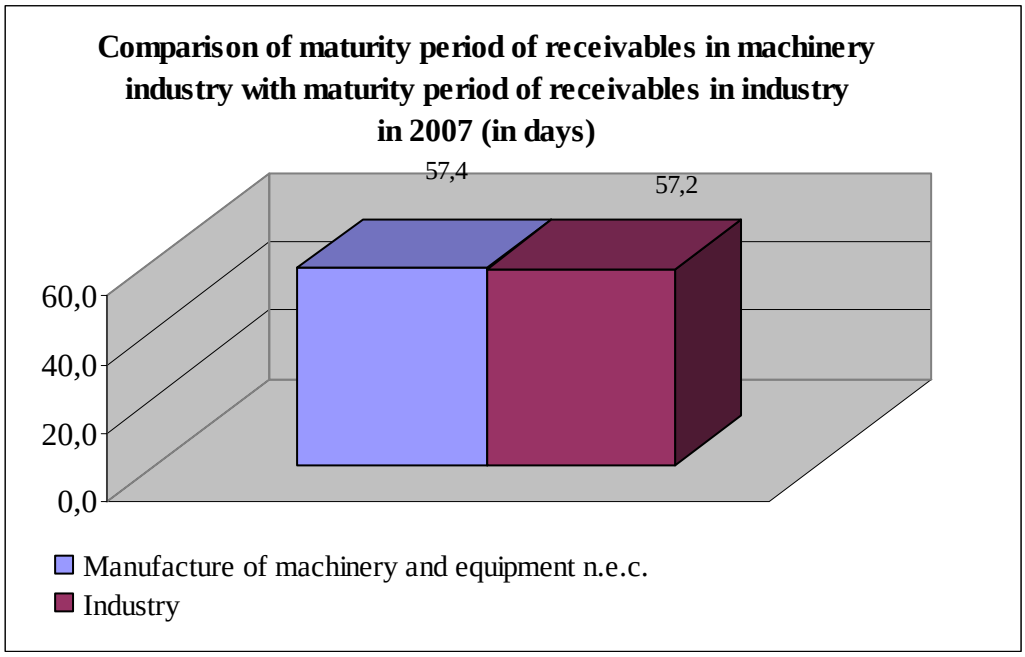
Souce: own

Maturity period of receivables:

in days	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	57,4	59,7	64,3	60,8
Industry in total	57,2	51,8	57,5	50,7

Table no. 16: Comparison of maturity period of receivables

Source: own



Graph no. 15: Comparison of maturity period of receivables

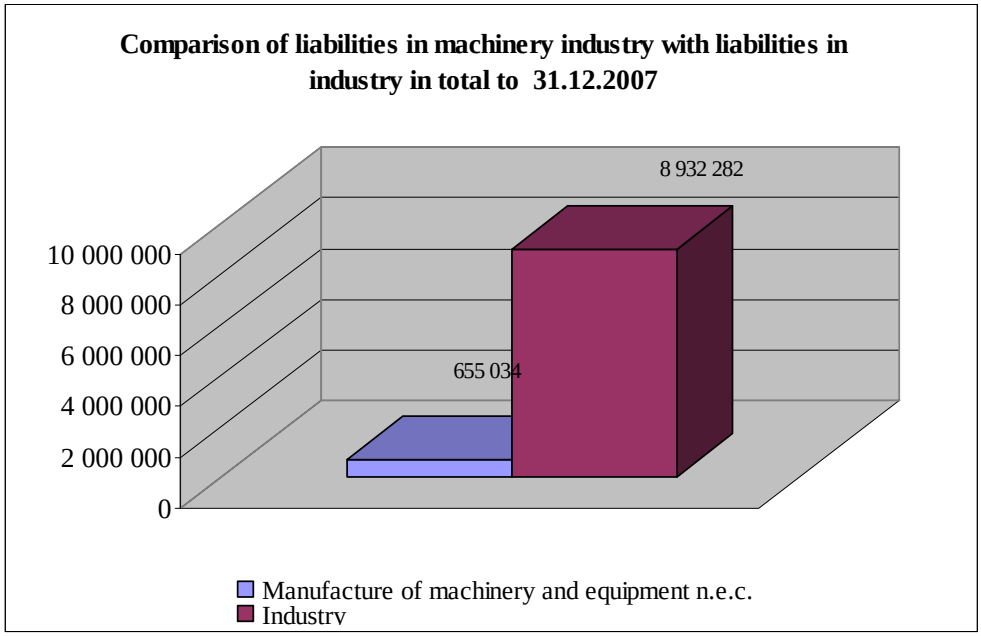
Source: own

Liabilities:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	655 034	586 182	520 159	450 272
Industry in total	8 932 282	7 503 237	6 833 275	5 998 263

Table no. 17: Comparison of liabilities

Source: own



Graph no. 16: Comparison of liabilities

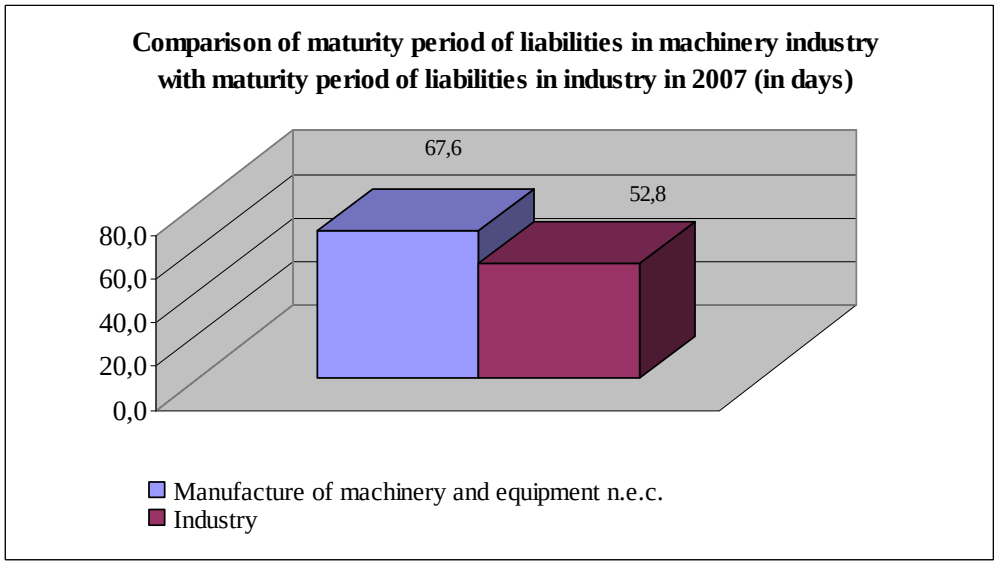
Source: own

Maturity period of liabilities:

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	67,6	68,1	74,0	68,1
Industry in total	52,8	50,1	54,3	52,1

Table no. 18: Comparison of maturity period of liabilities

Source: own



Graph no.17: Comparison of maturity period of liabilities

Source: own

Evaluation of maturity period of receivables and maturity period of liabilities:

in days	2007	2006	2005	2004
receivables	57,4	59,7	64,3	60,8
liabilities	67,6	68,1	74,0	68,1
difference	-10,2	-8,5	-9,7	-7,2

Table no. 19: Comparison of average monthly wage

Source: own

3.1.4 Branch structure and its development

The content of this point in an inquiry is a branch structure (in some case, on client's demand, it refers to a group of related branches, subbranches or their combinations. This part contains a description of activities which fall under them). Furthermore, there is mentioned a brief summary of the main factors and causes which already influenced or may influence branch development and description of the present position within industry or industrial production of the SR.

3.1.5 Important enterprises in a branch

In this point, there is a summary of selected enterprises of a given branch arranged in descending order according to the high level of the latest known turnover achieved from sale of goods, turnovers, whereby the base for selection of these enterprises is a database of SIMS. In this point of an inquiry, there is also a list of other selected enterprises of a branch placed below the table. These are the enterprises with an assumption based on the level of their turnover, according to which the enterprises could belong to the main group of important enterprises in the future and therefore significantly influence a course of events and dvelopment within a branch as a whole.

In this table of selected important enterprises, folloving data are stated for each enterprise:

S.no.	Name and description of indicator
1.	Total turnover for last 4 years in descending order for particular enterprises. It is stated in millions of EUR.
2.	Turnover per 1 employee calculated as a quotient of turnover for a given monitored period and the number of employees in the same monitored period. For this kind of calculation, the last monitored period (a year) which has already finished is used. It is stated in millions of EUR.
3.	Interannual difference (index) in turnover for the last two monitored periods which have already finished. It is stated in percentage.

Table no. 20: List of data for comparison of monitored enterprises

Source: own

Important enterprises in a branch:

			in millions of EUR					in %
S.no.	IČO	Name	Turnover 2007	Turnover 2006	Turnover 2005	Turnover 2004	TNZ 2007[1]	Ind. T 07/06[2]
1.	35796570	WHIRLPOOL Slovakia s r.o.	350	371	393	439	8,11	-5,72
2.	36386553	INA Kysuce, a.s.	277	244	197	142	2,8	13,42
3.	30998140	INA SKALICA spol. s r.o.	274	263	254	206	2,87	3,91
4.	35734132	Embraco Slovakia s.r.o.	193	204	170	159	n / a	-5,47
5.	31411690	Slovenské energetické stroj. a.s.	155	103	118	142	2,31	51,15
6.	31411606	EMERSON akciová spoločnosť	86	155	132	60	2,2	-44,31
7.	31626572	Sauer - Danfoss a.s.	141	108	85	74	4,54	30,7
8.	35800399	Danfoss Compressors, s.r.o.	166	121	65	47	4	37,53
9.	31626599	PSL, a.s.	107	80	62	36	3,81	34,31
10.	36673234	Manz Automation Slovakia s.r.o.	49	61	-	-	4,94	-19,84
11.	36011509	PPS Group a.s.	56	41	33	19	1,35	36,29
12.	36400181	KINEX - KLF , a.s.	48	54	48	50	1,41	-10,66
13.	36246093	Stroje a mechanizmy, a.s.	42	40	31	21	2,54	4,18
14.	31561896	KINEX, a.s.	36	43	40	49	0,86	-17,49
15.	30223300	"GeWiS - Slovakia s.r.o."	36	27	26	22	2,05	33,82
16.	36030538	THORMA Výroba, k.s.	25	30	23	20	1,09	-22,93
17.	36381047	ZTS Strojárne, a.s.	31	31	31	29	1,03	-0,17
18.	36557331	Welding Oper.Serv.Slovak, s.r.o.	27	28	20	3	6,68	-5,94
19.	31412696	TRENS, a.s.	25	28	26	23	1,34	-8,07
20.	34139664	KONŠTRUKTA - Industry, a.s.	24	23	24	18	1,86	3,47

Table no. 21: Important enterprises in a branch

Source: own

3.1.6 Foreign trade

The content of this part is created by a well-arranged table which consists of volume of export and import in a given branch or a group of related branches for the last 4 years. The foreign trade saldo results from these volumes.

In the graphs below the table, volume development of import, export and the amount of foreign trade saldo during monitored periods is illustrated. The foreign trade development for the last years and its possible causes are summed up in a verbal description below the table.

S.no.	Name of indicator	Description of indicator
1.	Import	It expresses the value of import goods which belong to the product structure of a given branch, from abroad. It is stated in millions of EUR.
2.	Export	It expresses the value of export goods which belong to the product structure of a given branch, from abroad. It is stated in millions of EUR.
3.	Saldo	It expresses the difference between export and import goods in a given branch. It is stated in millions of EUR.

Table no. 22: List of foreign trade indicators

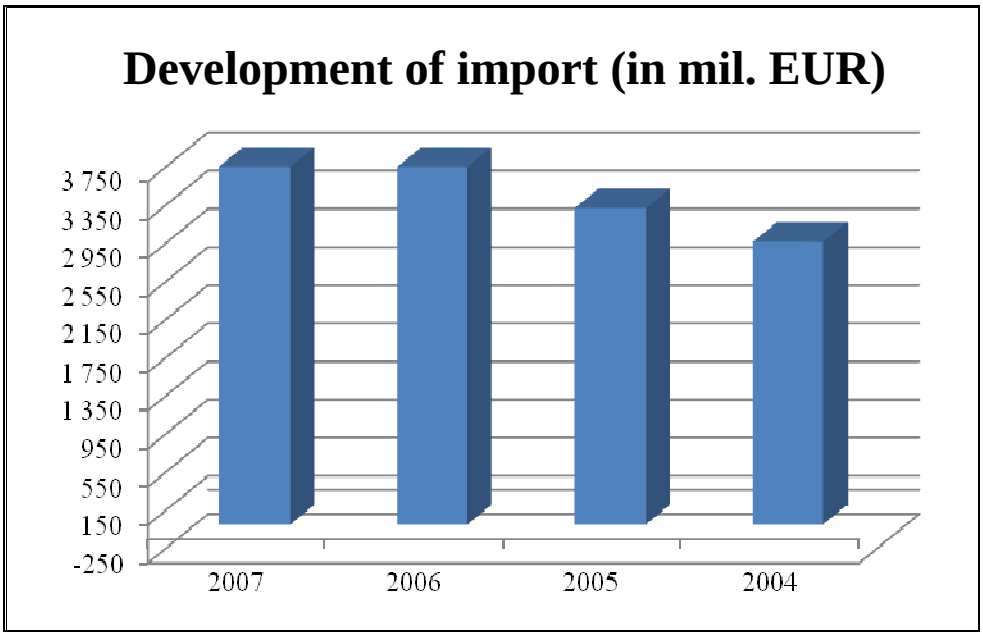
Source: own

Foreign trade:

in millions of EUR	2007	2006	2005	2004
Import	4 079	3 861	3 314	2 964
Export	3 846	3 532	2 980	2 578
Saldo	**-234**	**-329**	**-334**	**-386**

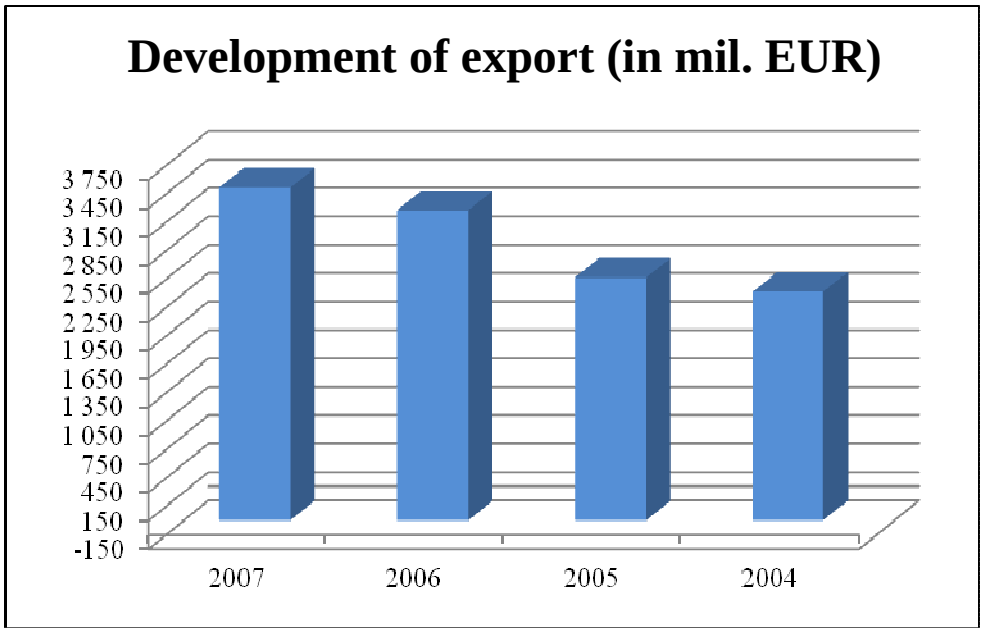
Table no. 23: Foreign trade

Source: own



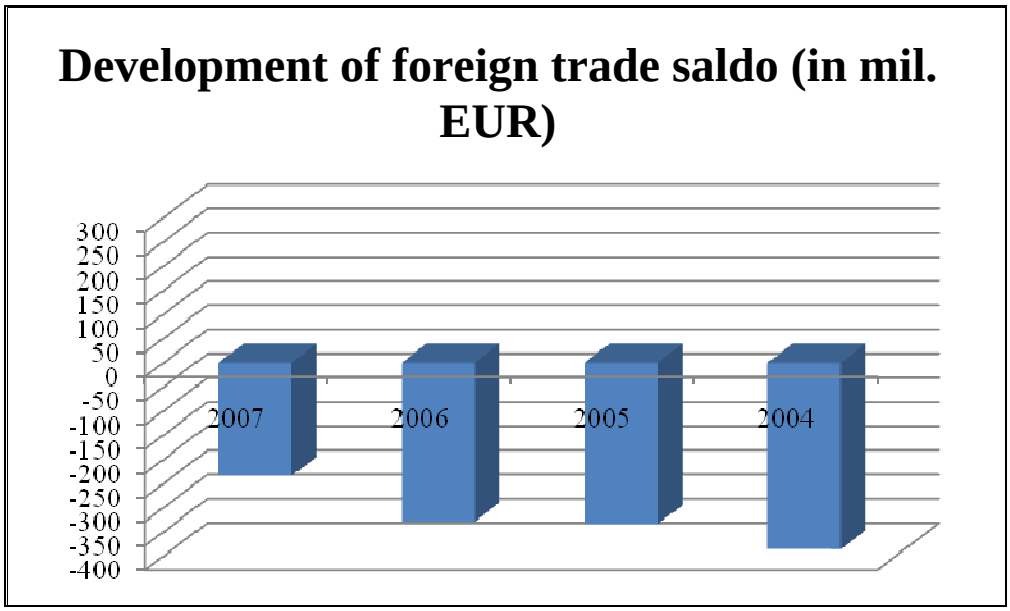
Graph no. 18: Development of import

Source: own



Graph no. 19: Development of export

Source: own



Graph no. 20: Development of foreign trade saldo

Source: own

3.1.7 Development of salaries and price indexes

In case of wage development during monitored period, their four-years trend perhaps even further important information referring to the wage development of employees within a given branch (placed below the table) are noted down in this part of an inquiry. There is a graph placed below the table which illustrates the development of average monthly wage per employee in a branch during monitored periods.

In case of monitoring the development of industrial products' price indexes in a given branch, there are price indexes of producers for the last four years (in comparison with the same period of last year) stated in a well-arranged table.

S.no.	Name of indicator	Description of indicator
1.	Average monthly wage per employee	It expresses the value of average monthly wage per employee in a given branch. It is stated in millions of EUR.
2.	Price indexes of industrial producers	It expresses interannual differences in prices of products of industrial producers in a given branch.

Table no. 24: List of indicators – comparison of wage development with price indexes development

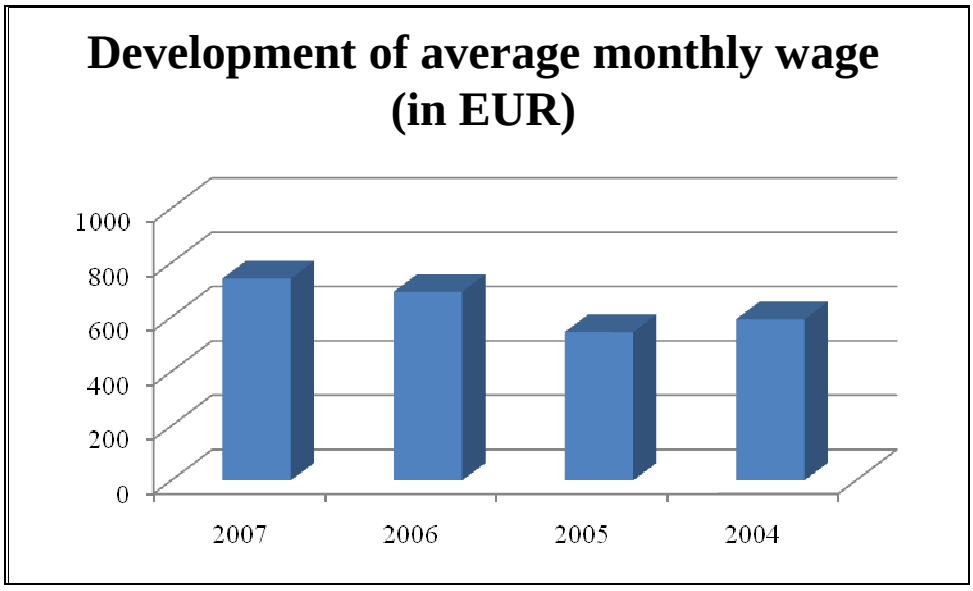
Source: own

Average monthly wage per employee:

in millions of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	743	694	546	593

Table no. 25: Average monthly wage per employee

Source: own



Graph no. 21: Development of average monthly wage

Source: own

Price indexes:

Domestic realisation prices	2007		2006		2005	
	Dec.2005 = 100	ROMR = 100	Dec.2000 = 100	ROMR = 100	Dec.2000 = 100	ROMR = 100
Manufacture of machinery and equipment	100,3	100,1	116,4	100,4	115,9	102,4

Table no. 26: Prices indexes

Source: own

3.1.8 SWOT analysis

This part of an inquiry contains a description of strengths and weaknesses of a branch, potential opportunities and threats which may influence or are already influencing branch development. SWOT is an abbreviation from English original and its single letters mean: S – Strenghts, W- Weaknesses, O – Opportunities, T – Threats.

Strenghts:

List of main positive events, characteristic features or properties of a branch which might be considered as strengths during the inquiry process.

Pic. no. 6: Description of strengths
Source: own

Weaknesses:

List of negative properties or events in a branch which were known during the inquiry process and which negatively affect its development and weaken its position.

Pic. no. 7: Description of weaknesses
Source: own

Opportunities:

List of future opportunities and possibilities for the improvement of situation in a branch.

Pic. no. 8: Description of opportunities
Source: own

Threats:

List of potential risks which might threaten future development of a branch in negative way.

Pic. no. 9: Description of threats
Source: own

3.1.9 Trends and perspectives

The content of this part of an inquiry is created by a position of a given branch in global economic environment (according to the information available, countries of EU, world countries or countries of selected economic associations working in a given branch). Predicted development of a branch (prediction is based on information available for objective branch and on comparison with development of surrounding countries) is also found here.

3.1.10 Vocabulary of terms used

For better orientation and explanation of the used terminology, vocabulary of terms used is situated at the conclusion of inquiry in which all main terms used in the inquiry as well as division of the national economy according to SIMS are clearly explained for a consumer.

3.2 Information value of SIMS Branch inquiry in a new structure

SIMS Branch inquiries provide for its customers brief, clear and analytical look at the characteristic features and development of particular branches. In case of branches with industrial production, mainly financial anlysis is valuable. It compares selected indicators of a given branch with the average values of the same indicators which were achieved in industrial production as a whole. On account of financial analysis, it is possible to determine whether a monitored branch is approaching the average values in industry in its indicators and what part it contributes to the formation of particular indicators of the SR industry.

3.3 Sources of information

Significant source of information in SIMS Branch inquiry is a database of. Data in the database of the SIMS are regularly updated couple of times per year and also daily enriched by new investigations and facts. Enterprises working in particular branches of industrial production are being daily monitored and all information obtained is then processed to final products.

Another source of data is information published by Statistical Office of the Slovak Republic. This refers to selected branch indicators, selected indicators of industry, information about foreign trade, about average monthly wage and development of price indexes.

The basic reporting unit for a statistic return is an enterprise (legal entity) with predominating activity in industry. Returns are submitted by organisations with the number

of employees 20 and more which are registered in Companies Register. Publication contains financial indicators, information about employees, wage funds and indicators derived from them. [2]

The adventage of SIMS data, compared to the data from Statistical Office of the Slovak Republic, is the fact that SIMS monitores all enterprises working in particular branches, whereas Statistical Office of the Slovak Republic states only information about companies with the number of employees 20 and more in its publications.

Further information in inquiry comes from available publications which are published by various corporations or associations working in a given branch and own calculations and findings of the SIMS create the most significant part.

4. Assessment of a possible benefit for employer

Branch inquiries are an inseparable part of a group of products which Slovak Information and Marketing Company, Inc. offers to its clients. Considering their contents enrichment in new elements, I assume that the interest in buying these products from the side of stable consumers will increase as well as client's trust in SIMS professionalism. However, the main aim is to make the innovated product attract the attention of new potential clients of the company in a way that they would become regular consumers.

From the existing folder of regularly updated data, which are found in specialised reporting service Global Slovakia, is possible to create a maximum flexible product for needs of company's clients. Both, the speed of creation of this product and topicality of its content reinforce the position of SIMS among its clients.

……..

Igor Tinka

General Director and Chairman

Conclusion

The aim of my Bachelor's thesis was to describe and propose a new structure for one of the stable, above standard products of Slovak Information and Marketing Company, Inc. -and it was SIMS Branch inquiry.

While processing the new structure, I tried to take into consideration the original structure of SIMS Branch inquiry that has been included in a company portfolio of products for several years and enrich it with further new valuable information, which would increase the information value and added value of the whole product.

I tried to create the content of the new elements in an inquiry according to theoretical knowledge I gained by study of bibliography and references.

I tried to add my own tables, calculations and graphs to the basic content of SIMS Branch inquiry, which show the data listed in standard tables more clearly. Novelty is the financial analysis of a branch where selected indicators of a branch are compared with the indicators of the whole industry of the SR.

Resumé

Processing of the assigned topic “Branch inquiry as the above standard product of Slovak Information and Marketing Company” consists of five parts overall.

In the first part, I focused on the introduction of Slovak Information and Marketing Company and brief introduction of its products.

In the second part, I approached a theoretical look at branch analyses in general, description of business cycles in economy which influence the development in particular branches.

Third, the most extensive part of the thesis refers to the single content of SIMS Branch inquiry. In this part, particular points of the inquiry are elaborately analysed including the examples of tabular and graphical depictions of single indicators.

In the forth part, I assess a possible benefit of innovated product for Slovak Information and Marketin Company, Inc.

Fifth part contains a brief conclusion and the summary of all, what I was trying to achieve by my own work.

Abstract

LAMOŠOVÁ, K. Branch inquiry as the above standard product of Slovak Information and Marketin Company. Kunovice 2009. Bachelor's Thesis. European Polytechnical Institute, Ltd.
Supervisor: Ing. Adriana Tinková

Key words: branch, branch inquiry, industry, economy, comparison, selected indicators, analysis

The thesis deals with the above standard product of Slovak Information and Marketing Company, Ltd. – Branch Inquiry. The introductory part characterizes contemporary processed product and describes its current content. The theoretical part describes general look at analyses of branches and characteristics of the particular terms used. Furthermore, it describes the brief content of essential data included in branch analysis. The practical part of the thesis describes single points included in a new product, their sources, content and significance for a client.

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Appendix no. 1

In this appendix, I attach a processed example of Slovak Information and Marketing Company (SIMS) Branch inquiry – Manufacture of machinery and equipment – in a new structure.

MANUFACTURE OF MACHINERY AND EQUIPMENT

1. Status and characteristics of the branch

1.1. Rating of the branch:

	Present status	Characteristics
	Stable	Average ability to fulfill liabilities.

1.2. Branch highlights:

a) Machinery industry is a traditional manufacturing branch of the SR industry. It is highly dependent on development of consumers' branches (the automotive industry) as well as conjectural cycles.

b) In latest periods, there is a notable decline of demand for machinery products. Decreasing demand abroad was displayed on decreasing demand for Slovak machinery production. The present topic is a production decline and lay-off of employees which is connected with the current unfavourable economic situation in Slovakia and world.

c) Low level of research-developing base is characteristic for machinery industry. The reason is lack of financial resources (mainly for the enterprises without foreign capital investment).

d) In machinery industry, there is a notable need for other foreign investments and lasting undercapitalization in domestic enterprises without foreign capital investment).

e) In 2007, machinery industry noted an increase in turnover, production, profit/loss result and value added in comparison with 2006. According to the prediction of experts, the results for year 2008 will get worse on account of global crisis.

2. Entire look at the branch

Manufacture of machinery and equipment n.e.c.	2007	2006	2005	2004
Number of enterprises	246	231	221	215
Number of employees	44 287	42 685	39 323	40 585
Production (in millions of EUR)	3 563	3 269	2 552	2 420
Value added (in millions of EUR)	764	752	641	624
Profit/loss before taxation (in millions of EUR)	207	177	86	58
Turnover (in millions of EUR)	3 514	3 275	2 565	2 414

Source: ŠÚ SR

a) According to the information of ŠÚ SR, in the branch of manufacture of machinery and equipment operated in 2007 about 246 business subjects with 20 and more employees, whereby for the first three quarters of 2008 the number of enterprises increased to 281.

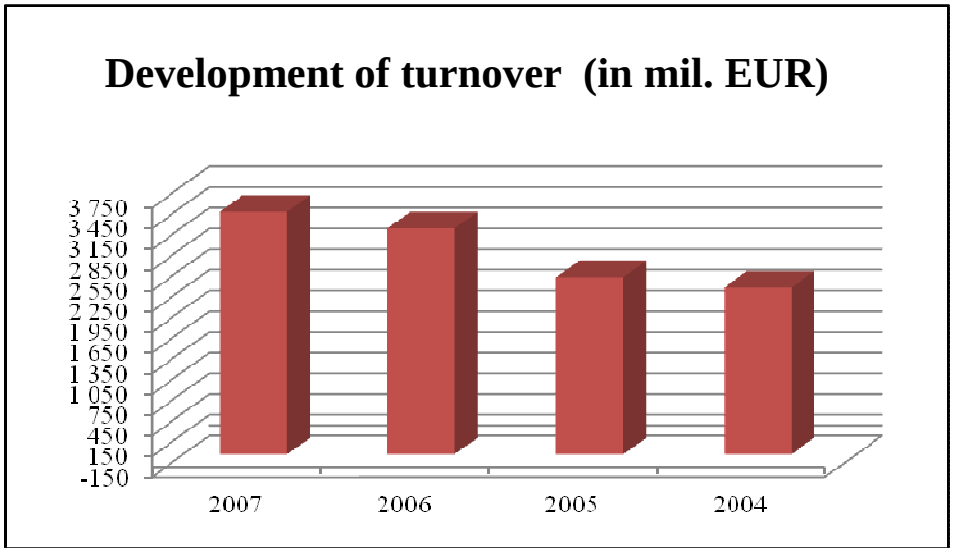
a) The number of employees in machinery manufacture in 2007 increased in comparison with year 2006 about 3,7% and achieved 44 284 people. At the end of a quarter of 2008, the number of employees increased in another 4,3% in comparison with the status at the end of 2007.

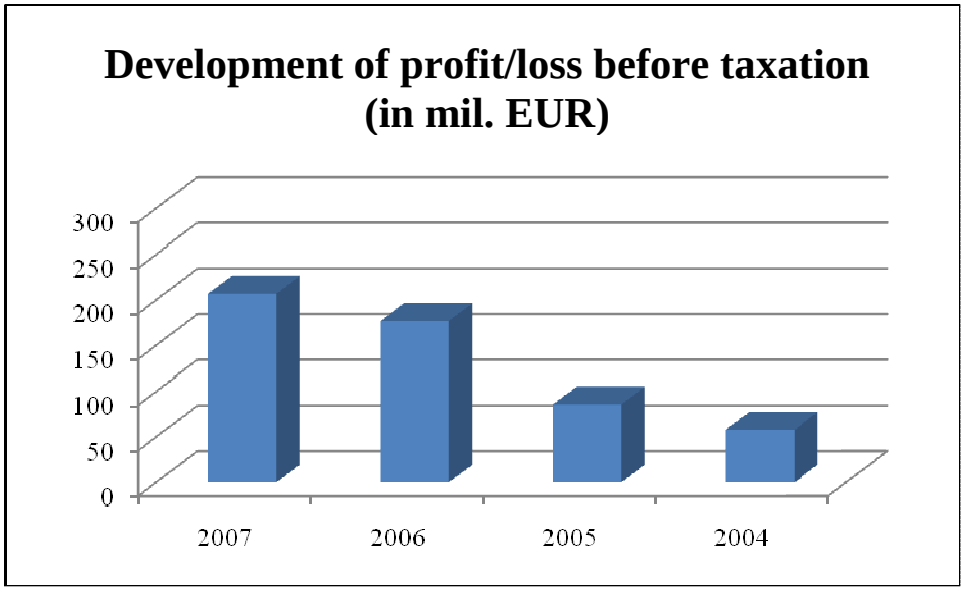
b) Production of machinery industry in 2007 achieved the value of more than 3,6 billion of EUR and in comparison with the previous year increased in 8,9%. For three quarters of 2008, production achieved the value of more than 2,7 billion of EUR.

c) Value added in the branch in 2007 achieved millions of EUR and on the contrary to year 2006, it increased in 1,7%. During the first three quarters of 2008, machinery enterprises achieved value added in the amount of 660 millions of EUR.

d) In 2007, the economic result of machinery industry increased (increase in 16,9%), in comparison with the previous year, and achieved the value of 206 millions of EUR.

e) Turnover of the branch in 2007 interannually increased in 8,7% to 3,515 billions of EUR. During the first three quarters of 2008, the branch achieved turnover of 2,7 billions of EUR.



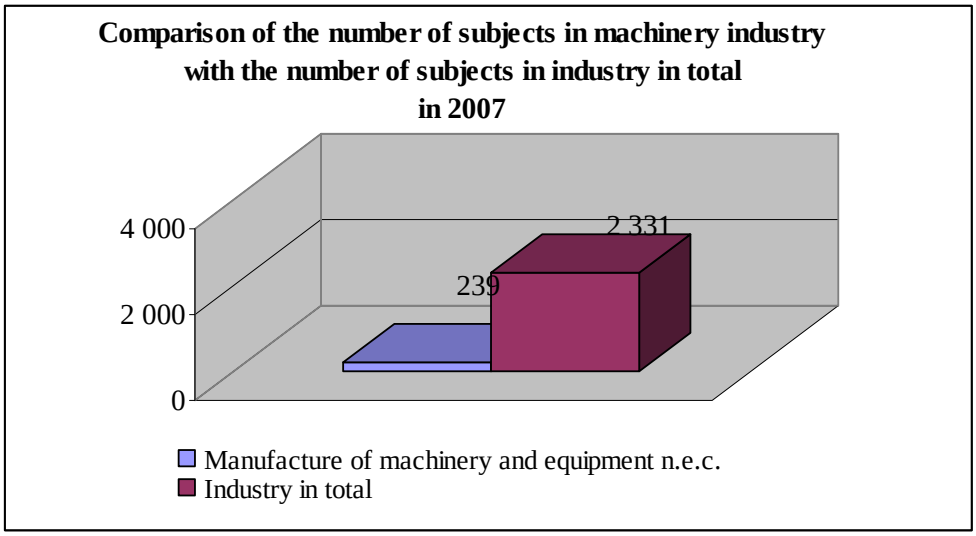


3. Financial analysis of the branch

3.1. Number of enterprises

	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	239	223	221	215
Industry in total	2 331	2 241	2 293	2 128

Source: ŠÚ SR

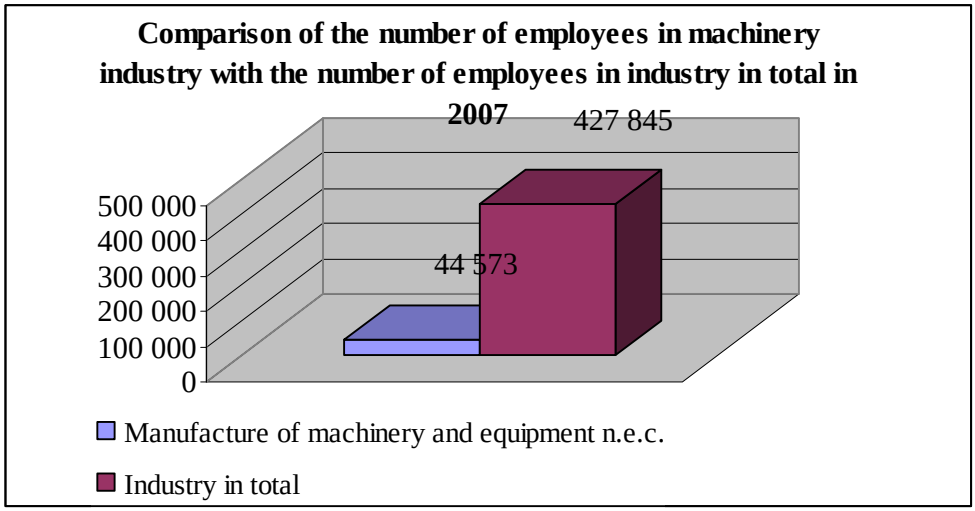


The number of enterprises in machinery industry in 2007achieved 239. Machinery industry made 10,25% portion of the total number of enterprises in industry in 2007.

3.2. Average registered number of employees

persons	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	44 573	41 940	39 323	40 585
Industry in total	427 845	416 662	416 789	415 236

Source: ŠÚ SR

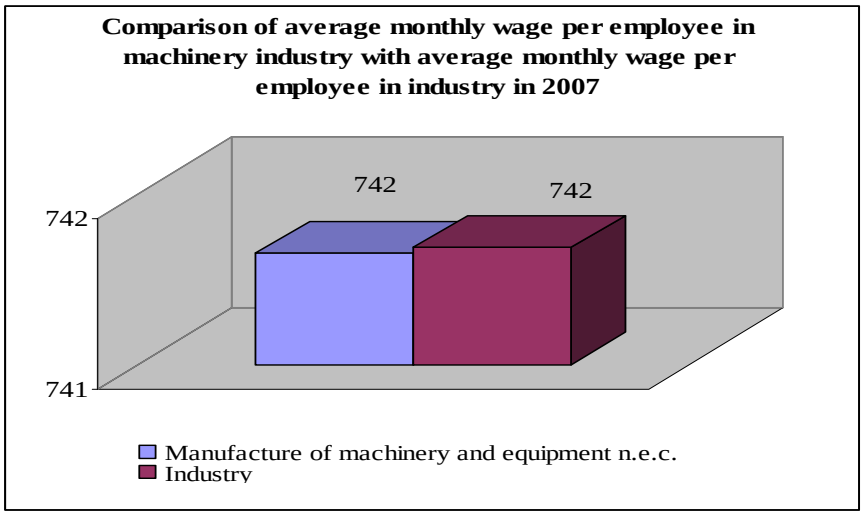


Average registered number of employees in machinery industry in the SR for year 2007 made 10,42% portion of the total employment in industry of the SR.

3.3. Average monthly wage per employee

in EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	741,65	685,32	645,49	592,88
Industry in total	741,68	690,27	647,22	600,35

Source: ŠÚ SR

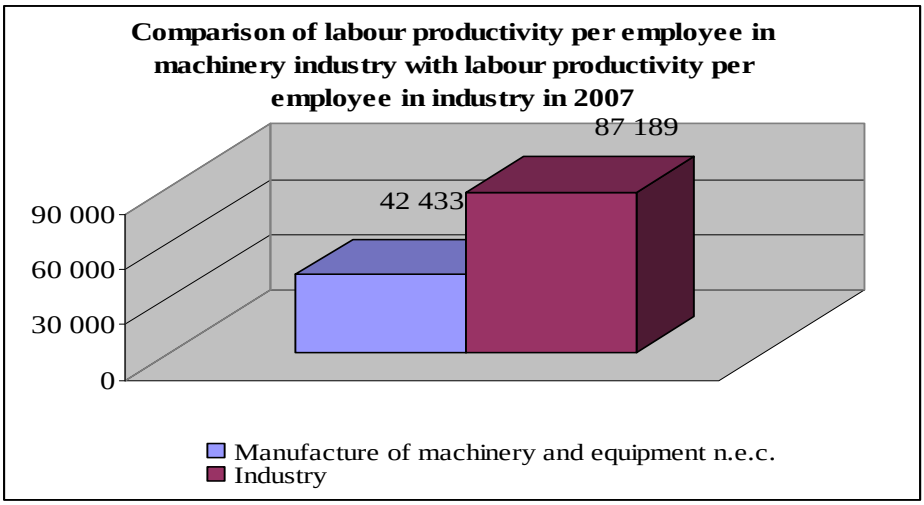


Average monthly wage per employee in machinery industry in 2007 achieved almost the same level as the average monthly wage in industry of the SR during the same period.

3.4. Labour productivity per employee

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	42 433	54 122	59 478	59 478
Industry	87 189	104 473	124 291	101 135

Source: ŠÚ SR

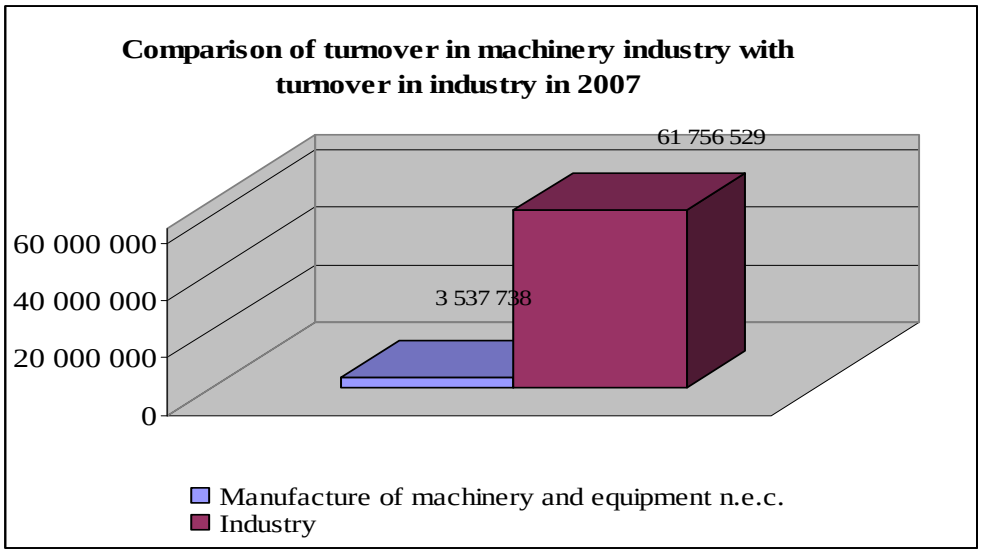


Labour productivity in machinery industry in 2007 achieved 48,67% from the average labour productivity achieved in industry of the SR in 2007.

3.5.Turnover

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	3 537 738	3 140 892	2 565 454	2 413 898
Industry in total	61 756 529	54 667 329	45 902 570	41 994 955

Source: ŠÚ SR

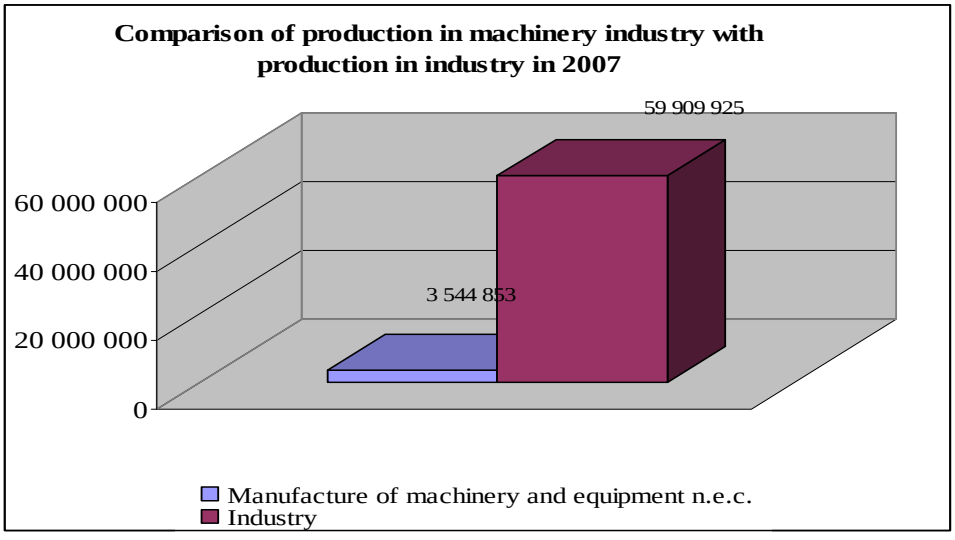


Machinery industry made 5,73% portion of the total turnover in industry in 2007.

3.6. Production

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	3 544 853	3 121 541	2 552 059	2 420 020
Industry in total	59 909 925	52 685 149	44 652 838	41 184 550

Source: ŠÚ SR

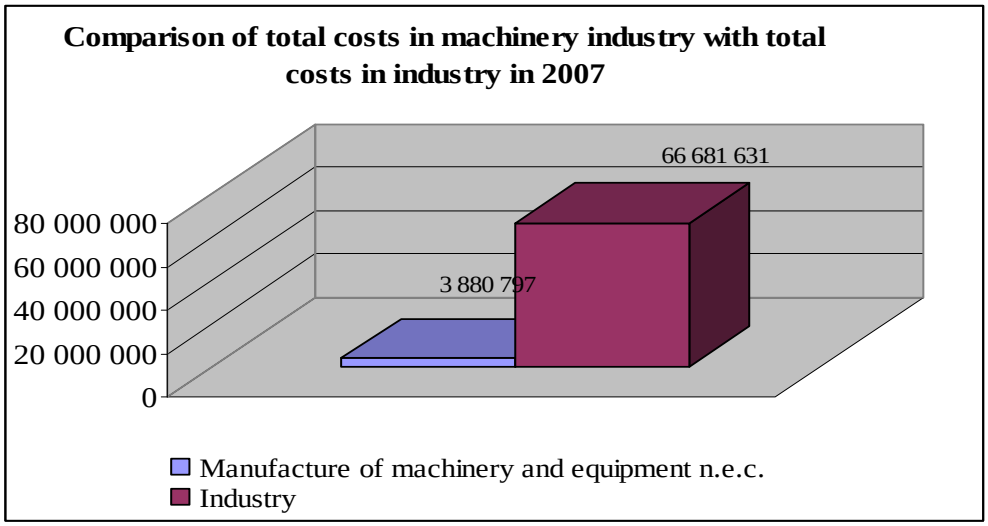


Production of machinery enterprises in 2007 made 5,92% from the production of the SR industry in total.

3.7. Total costs

In thousand of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	3 880 797	3 393 705	2 790 373	2 755 999
Industry in total	66 681 631	59 456 348	49 169 450	44 060 304

Source: ŠÚ SR

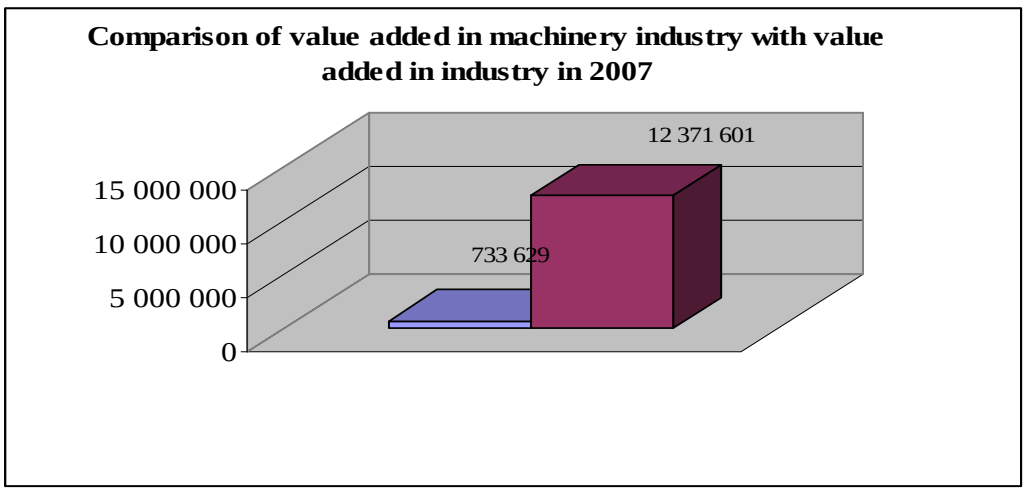


The amount of total costs in machinery industry in 2007 represented 5,82% portion of total costs in the SR industry in total.

3.8. Value added

In thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	733 629	681 363	640 718	623 995
Industry in total	12 371 601	11 730 480	10 606 402	10 124 421

Source: ŠÚ SR

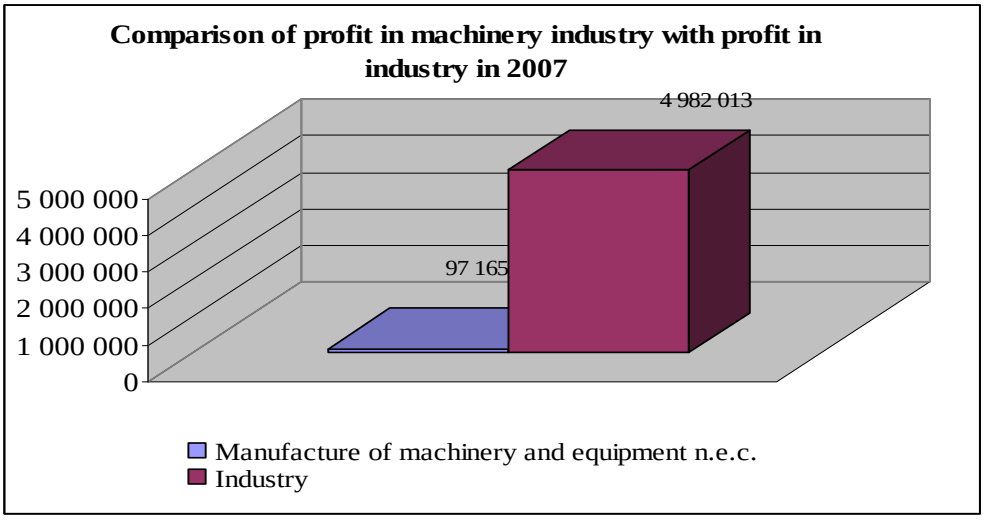


Value added of machinery industry of the SR in 2007 made 5,93% portion of the whole value added in the SR industry in total.

3.9. Profit/loss before taxation

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	97 165	136 512	86 449	57 889
Industry in total	4 982 013	4 299 877	3 478 146	3 178 140

Source: ŠÚ SR

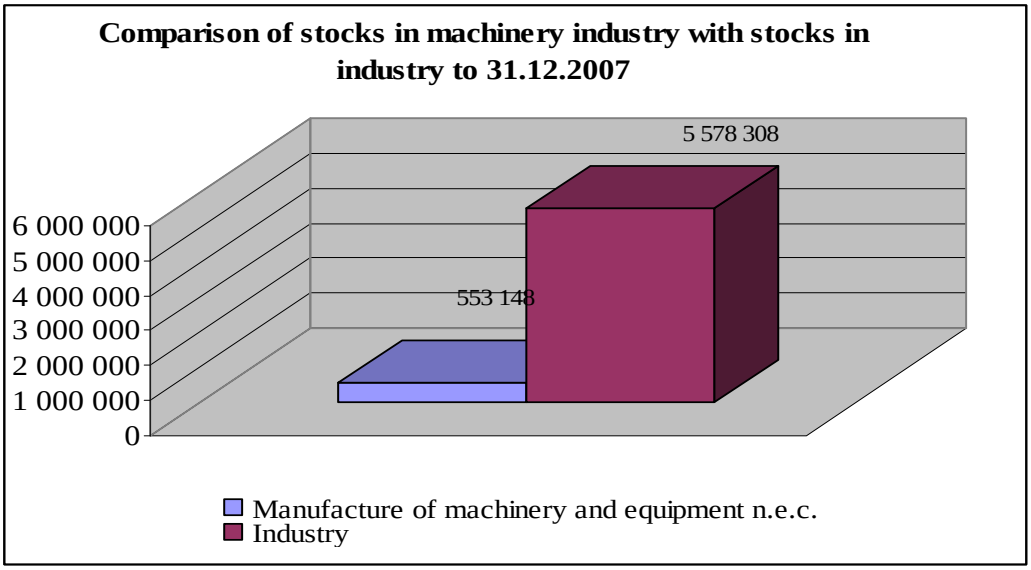


Machinery industry made 1,95% portion of profit of the SR industry in total in 2007.

3.10. Stocks

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	553 148	473 558	414 336	404 564
Industry in total	5 578 308	5 037 670	4 467 031	3 976 070

Source: ŠÚ SR

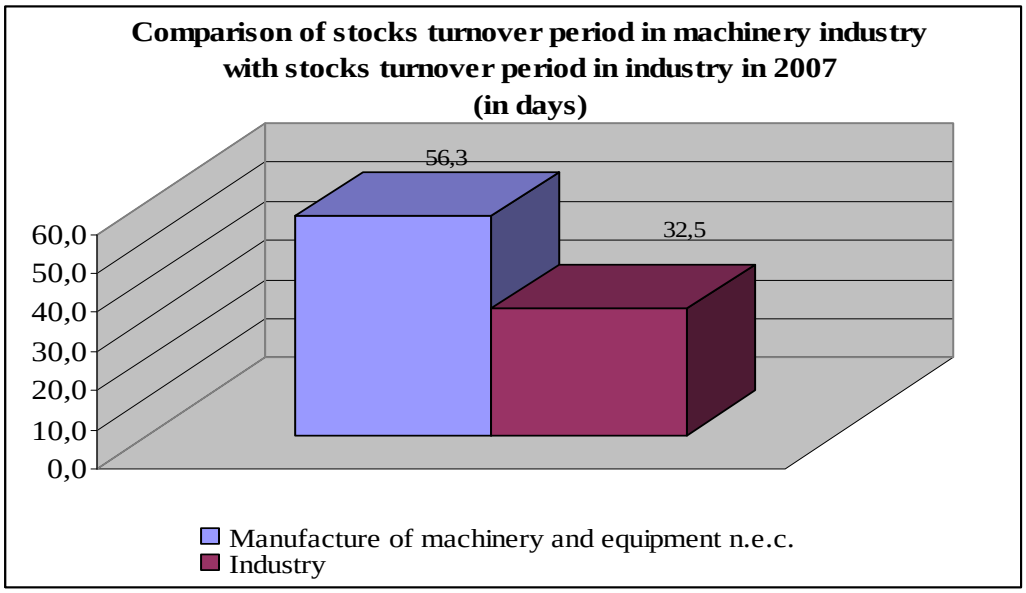


Stocks in machinery industry made 9,92% of stocks of the Slovak industry in total to 31.12.2007.

3.11. Stocks turnover period

in days	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	56,3	54,3	58,1	60,3
Industry in total	32,5	33,2	35,0	34,1

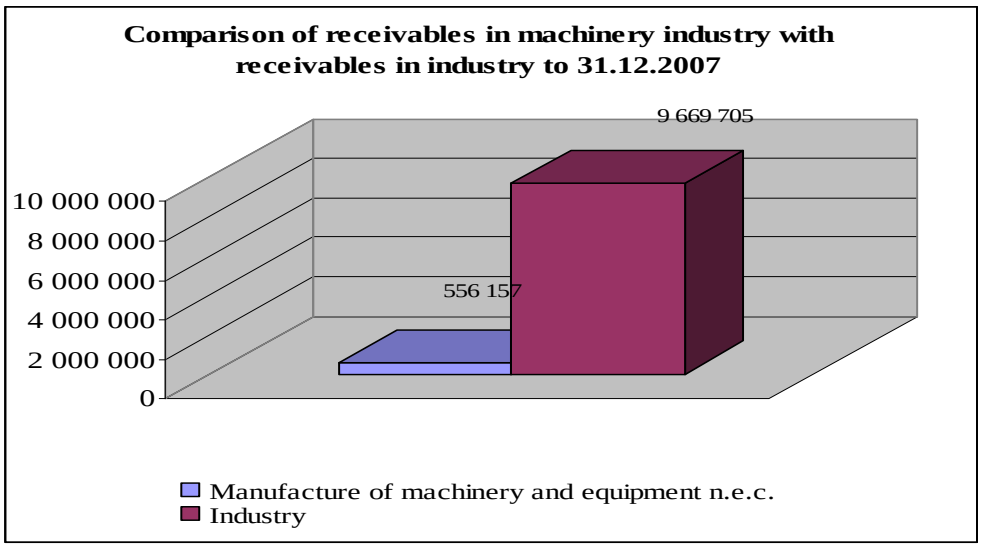
Source: SIMS



3.12. Receivables

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	556 157	513 394	452 182	402 402
Industry in total	9 669 705	7 754 288	7 227 881	5 832 990

Source: ŠÚ SR

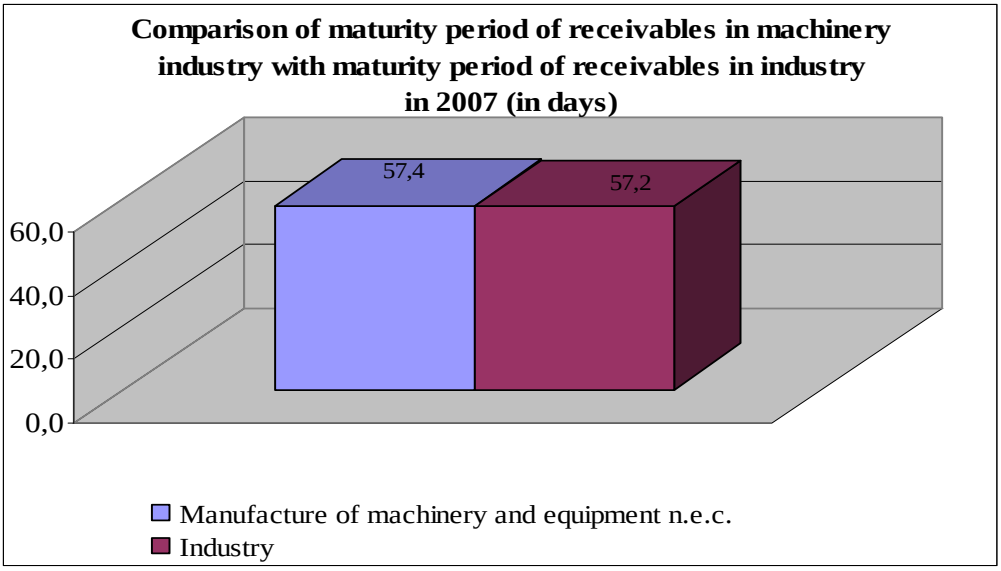


The amount of receivables in machinery industry made 5,75% portion of the receivables volume of the SR industry in total in 2007.

3.13. Maturity period of receivables

in days	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	57,4	59,7	64,3	60,8
Industry in total	57,2	51,8	57,5	50,7

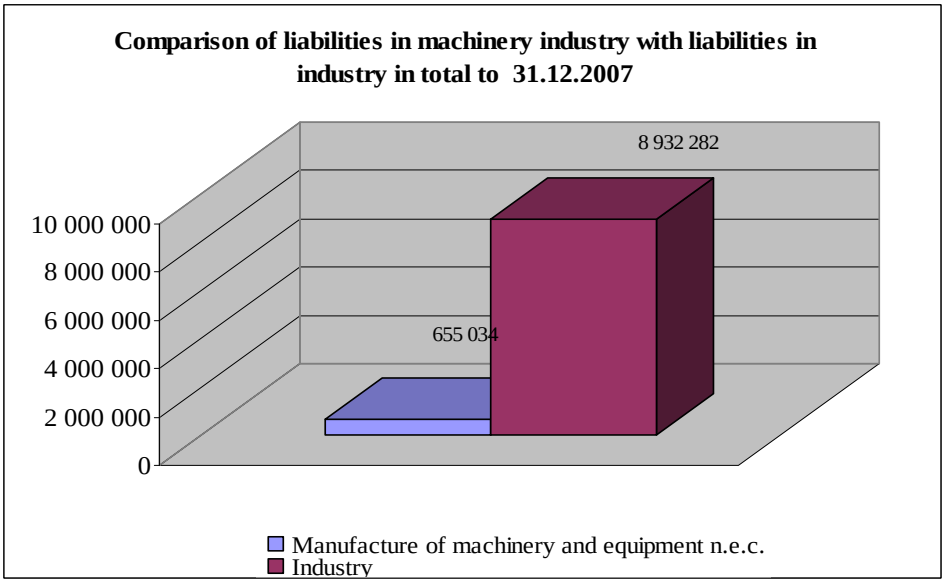
Source: SIMS



3.14. Liabilities

in thousands of EUR	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	655 034	586 182	520 159	450 272
Industry in total	8 932 282	7 503 237	6 833 275	5 998 263

Source: ŠÚ SR

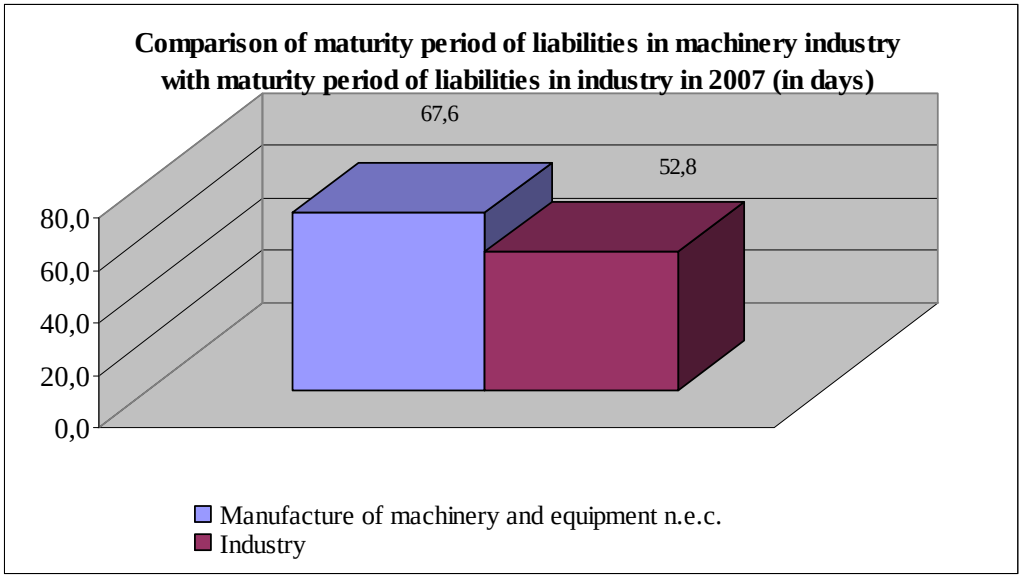


Machinery industry registered liabilities, whose amount made 7,33% portion of liabilities of the SR industry in total to 31.12.2007.

3.15. Maturity period of liabilities

in days	2007	2006	2005	2004
Manufacture of machinery and equipment n.e.c.	67,6	68,1	74,0	68,1
Industry in total	52,8	50,1	54,3	52,1

Source: SIMS



3.16. Comparison of maturity period of receivables and maturity period of liabilities

in days	2007	2006	2005	2004
receivables	57,4	59,7	64,3	60,8
liabilities	67,6	68,1	74,0	68,1
difference	-10,2	-8,5	-9,7	-7,2

Source: SIMS

From comparison of maturity period of receivables and maturity period of liabilities of machinery industry was made a result showing that during all monitored periods, maturity period of liabilities exceeded maturity period of receivables. Therefore, this branch was a recipient of commercial credit during all monitored periods.

4. Branch structure and its development

a) The branch of industrial manufacture called ,,Manufacture of machinery and equipment" involves manufacture of engines and turbines, manufacture of pumps and compressors, manufacture of taps and valves, manufacture of bearings, cogwheels, gearing and controlling components, manufacture of furnaces and burners, manufacture of lifting and manipulating devices, manufacture of cooling and ventilation devices, manufacture of machines of general use, manufacture of tractors for agriculture and forestry, manufacture of other machines for agriculture and forestry, manufacture of machine tools, manufacture of hand portable mechanical tools, manufacture of other metal-working machines, manufacture of other machine tools n.e.c., manufacture of machines for metallurgy, mining and constructing machines, manufacture of food,

beverages and tobacco processing machines, manufacture of apparel, textiles and leather processing machines, manufacture of paper and paperboard processing machines, manufacture of other specific machines n.e.c., manufacture of machines and devices for processing rubber and plastics, manufacture of other specific machines and devices, manufacture of weapons and munitions, manufacture of electrical and non-electrical apparatuses for household.

b) General machinery industry is characterized by high complexity, technological punctuality with high portion of value added and quality labour force in all levels manufacturing process. Only a small portion of production is designed for the final consumption of population. Nowadays, machinery industry produces a wide range of products, from elementary parts and subassemblies to complex machines and systems for different branches of industry. The biggest changes happened since the development of automotive industry. Productivity growth in other branches significantly depends on performance of machines manufactured by general machinery industry.

c) Raw material base, since it is commonly available in domestic and foreign market, is no longer a restricting factor of manufacture and sale. The same aspect applies to prices of components (hydraulics, electroaccessory equipment, etc.) Some subdeliveries in top quality is possible to ensure only by import (e.g. for exposed parts of machine tools and equipment, engines for small mechanization, etc.)

d) The dominant portion within general machinery industry belongs to branches with product structure of investment goods and complete industrial plants which are not markedly influenced by tradition, qualification of workers and level of manufacture base and they require long-term contributions to technological development of products and technological processes. For the special production of machining, shaping and welding machines, textile and printing machines, apparatuses for household, agricultural machines and manufacture of weapons and munitions are characterized by better action competitive ability, however, they can be very easily forced out from the market by foreign competition due to unfavourable financial situation of manufacturing enterprises.

e) Considerable influence on development of machinery industry in recent past made a flow of foreign investments into the branch. Another significant factor is the development of automotive industry which creates conditions for machinery enterprises to manufacture the components and automotive accessories and thus has a multiplicative influence on the whole field of machinery industry. Automotive industry connects plenty of suppliers and by its high requirements of quality enables domestic enterprises to assert also in supplies for automotive industry abroad. This is proved, for instance, by manufacture of bearings and other metal components. Foreign investments which are bringing technologies automatically create conditions for manufacture that satisfy European standards. Foreign capital is present in majority of prosperous enterprises of the branch, whereas domestic corporations without the presence of foreign capital are still struggling with low level of technologies. In the present, Slovak machinery industry has still limited its own possibilities of research and development. Research is mainly concentrated directly in particular enterprises, especially those with foreign capital participation.

f) There is a different level of capacities utilization within the whole branch. Along the new capacities built with foreign investments, capacities are locally used mainly in the branch of manufacture of components for automotive industry. In connection with global economic situation at the end of 2008 and at the beginning of 2009, there is a striking decline in utilization of manufacture capacities almost in all operating branches of machinery industry, included producers of autocomponents.

g) Manufacture of machinery and equipment has remarkably participated in employment as well as creation of profit/loss and value added of industrial manufacture. In 2007, total number of employees in the branches of industrial manufacture was 430 035, at which manufacture of machinery and equipment made 11,5% portion of it. The number of employees in 2007 was altogether 44 287 persons that is 2,5 times more than the average in industrial manufacture was for the same period. Profit/loss of machinery manufacture in 2007 achieved the value of more than 206 millions of EUR that represented almost 7% portion of profit/loss result in industrial manufacture.

Average value added in the branches of industrial manufacture achieved 422 millions of EUR in 2007. Manufacture of machinery and equipment almost twice exceed this value. Its value exceeded 764 millions of EUR.

5. Important enterprises

	in millions of EUR	in %

S.no.	IČO	Name	Turnover 2007	Turnover 2006	Turnover 2005	Turnover 2004	TNZ 2007 [1]	Index T 07/06 [2]
1.	35796570	WHIRLPOOL SLOVAKIA spol. s r.o.	350	371	393	439	0,27	-0,06
2.	36386553	INA Kysuce, a.s.	277	244	197	141	0,09	0,13
3.	30998140	INA SKALICA spol. s r.o.	274	263	254	206	0,10	0,04
4.	35734132	Embraco Slovakia s.r.o.	193	204	170	159	0,06	-0,06
5.	35800399	Danfoss Compressors, spol. s r.o.	166	121	65	47	0,13	0,38
6.	31626572	Sauer - Danfoss a.s.	139	108	85	74	0,15	0,29
7.	31626599	PSL, a.s.	107	80	62	36	0,13	0,34
8.	31411606	EMERSON akciová spoločnosť	88	155	132	60	0,07	-0,43
9.	36011509	PPS Group a.s.	56	41	33	19	0,04	0,36
10.	34119591	AWECO Appliances Slovakia k.s.	54	58	55	32	0,07	-0,07
11.	36673234	Manz Automation Slovakia, s. r. o.	49	61	0	0	0,16	-0,20
12.	36400181	KINEX - KLF , a.s.	48	54	48	50	0,05	-0,11
13.	36246093	STROJE A MECHANIZMY, a.s.	42	40	31	21	0,08	0,04
14.	36034681	WAY INDUSTRY, a.s.	36	35	32	28	0,06	0,04
15.	31561896	KINEX, a.s.	36	43	40	49	0,03	-0,17
16.	30223300	"GeWiS - Slovakia s.r.o."	36	27	26	22	0,07	0,34
17.	31380344	DANFOSS, spol. s r.o.	31	23	13	9	0,09	0,33
18.	36381047	ZTS Strojárne, a.s.	30	31	31	29	0,03	-0,01
19.	31561888	Cestné a stavebné mechanizmy Tisovec a.s.	29	22	25	20	0,06	0,29
20.	35919302	Bonfiglioli Slovakia s.r.o.	28	6	-	-	-	4,00

Source: SIMS

[1] TNZ 2007 – Turnover per employee in 2007
[2] Index T 07/06 – interannual difference in turnover 2007/2006
n / a – unavailable information

6. Foreign trade

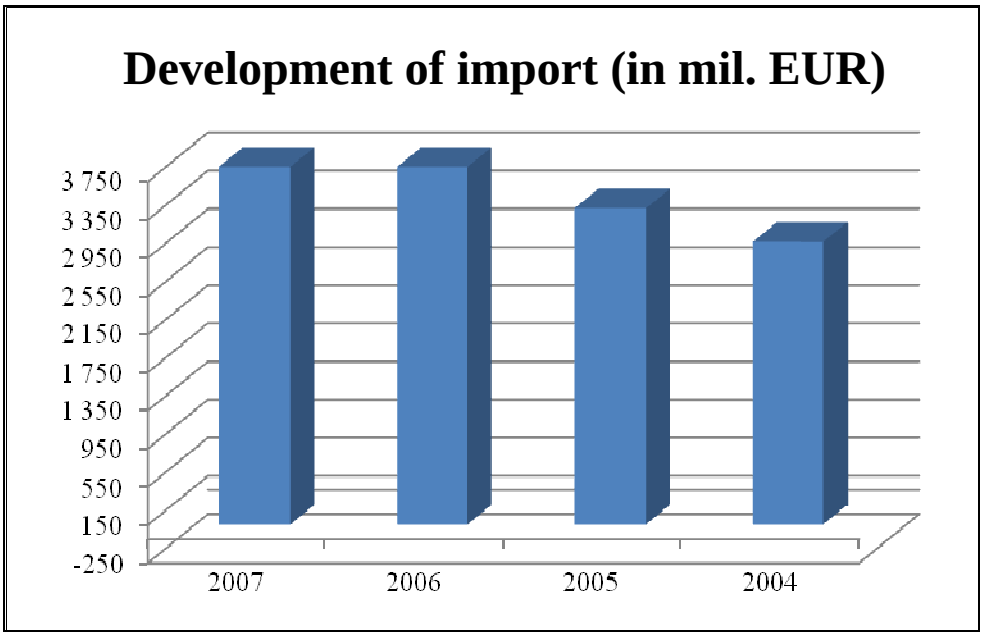
in millions of EUR	2007	2006	2005	2004
Import	4 079	3 861	3 314	2 964
Export	3 846	3 532	2 980	2 578
Saldo	**-234**	**-329**	**-334**	**-386**

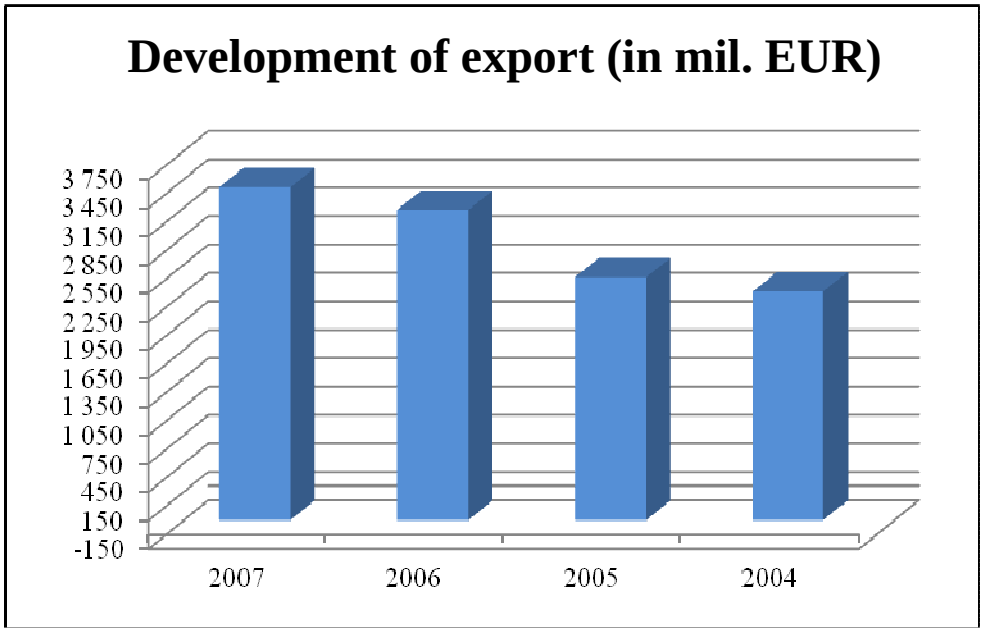
Source: ŠÚ SR

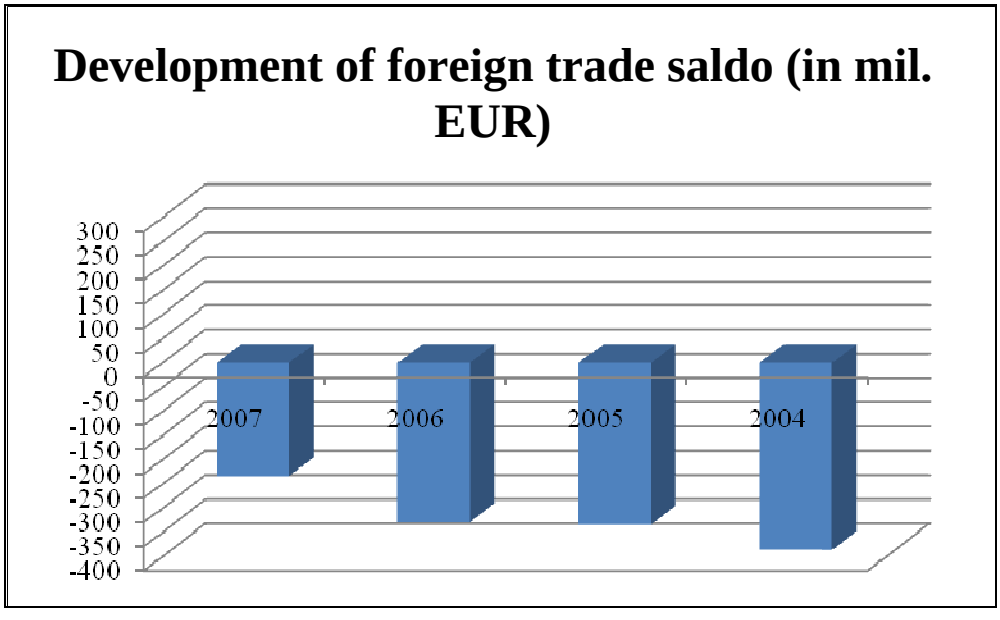
a) Export of machinery products in year 2007 increased in 8,9% in comparison with year 2006 and achieved almost 3,8 billions of EUR. It increased in 37,6% in comparison with the volume of export in 2004.

b) Import of products of machinery industry in 2007 achieved 4,1 billions of EUR. On the contrary to year 2006, it represents an increase in 5,6%.

c) Saldo of foreign trade of branch manufacture of machinery and equipment indicated negative values during monitored periods; however, these values were constantly lowered thanks to quicker dynamics of volume export growth than dynamics of volume import growth was. Negative saldo of foreign trade in machinery industry in 2007 decreased, on the contrary to year 2006, in almost 29% and achieved the value of -0,234 billions of EUR.


Development of import (in mil. EUR)
3 750
3 350
2 950
2 550
2 150
1 750
1 350
950
550
150
-250
2007
2006
2005
2004


Development of export (in mil. EUR)
3 750
3 450
3 150
2 850
2 550
2 250
1 950
1 650
1 350
1 050
750
450
150
-150
2007
2006
2005
2004


Development of foreign trade saldo (in mil. EUR)
300
250
200
150
100
50
0
-50
-100
-150
-200
-250
-300
-350
-400
2007
2006
2005
2004

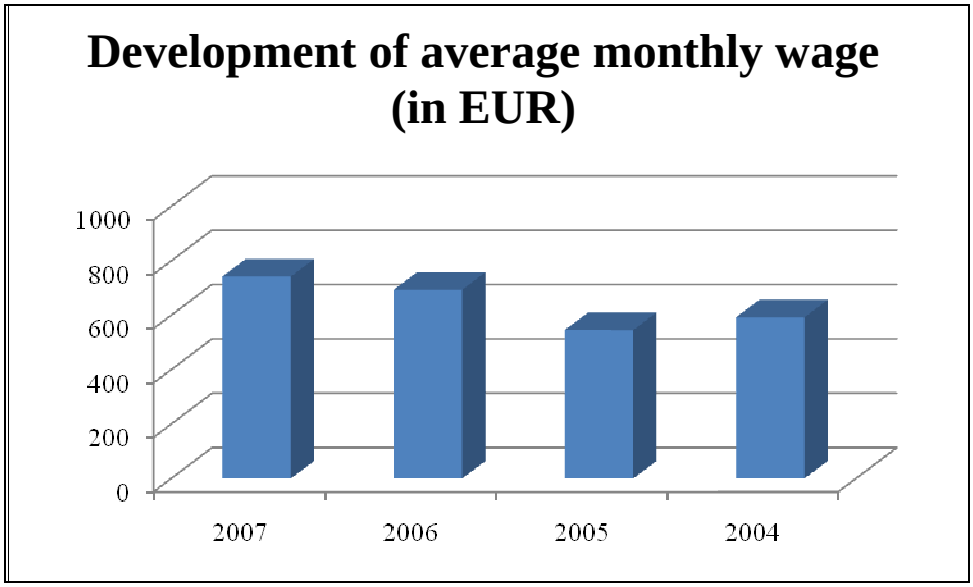
7. Development of wages and price indexes

7.1.Average monthly wage per employee

in EUR	2007	2006	2005	2004
Manufacture of machinery and equipment	743	694	546	593

Source: ŠÚ SR

a) Average monthly wage in the branch achieved 743 EUR in 2007, that represents an increase in 7,1% in comparison with year 2006, by which it achieved approximately the same amount as the average wage in the SR industrial manufacture.



7.2. Price indexes

Domestic realisation prices	2007		2006		2005		2004	
	Dec.2005 = 100	ROMR [1] = 100	Dec.2000 = 100	ROMR [1] = 100	Dec.2000 = 100	ROMR [1] = 100	Dec.2000 = 100	ROMR [1] = 100
Manufacture of machinery and equipment	100,3	100,1	116,4	100,4	115,9	102,4	113,2	103,4

Source: ŠÚ SR

ROMR[1] – the same period of the previous year

a) Prices of products of machinery and equipment branch increased in 2007 very mildly in 0,1% when compared to the same period of year 2006. In comparison with the prices at the end of year 2005, this increase was in 0,3%.

b) During first three quarters of year 2008, the prices of products remained the same level when compared to year 2005. Moreover, in comparison with the average prices for the first three quarters of year 2007 they decreased in 0,4%.

8. SWOT analysis

Strengths:	Weaknesses:
1. tradition and know-how of Slovak machinery industry	**1.** lack of resources for research and development
2. flow of foreign capital into the branch	**2.** high prices of energies and input materials
3. quality of production	**3.** sensitivity to development in consumption branches
4. relatively high performance of export	**4.** shortage and fluctuation of professional workers
5. restructuring of product structure	**5.** high dependency on conjectural cycles
6. wide range of products	**6.** high investment punctuality
	7. decreasing demand for machinery products due to globally worsen economic situation

Opportunities:	Threats:
1. another flow of foreign investments	**1.** transfer of manufactures to the countries with lower wage costs
2. increase in labour productivity	**2.** increase in prices of energies and input materials
3. development of consumers' branches	**3.** strengthening competitive environment
4. development of technological level of enterprises	**4.** necessity of other investments to technologies
5. increase in export volume	**5.** shortage of professional workers
6. improvement in qualification level of labour force	**6.** another decline in demand for machinery products
7. generally increasing level of quality of products	
8. higher utilization of manufacturing capacities	

9. Trends and perspectives

9.1. Branch in global economic environment

a) European machinery industry is a branch of strategic importance for the entire EU. New technologies are being created, which enable quicker insertion of new products and thus increase in flexibility of manufacturing processes. Corporations of the EU are also confronted with increasing internationalism of world economy driven by improving transport communications, decreasing costs of communication, breaking the barriers of trade and investments and more intense competition. The EU more often faces international competition in investments, manufacture and financing of expenditures on research and development.

b) Machinery industry in the EU has comparative advantages and on the contrary to the rest of the world, it records surpluses in trade, however, European trade is, on the whole scale, focused on sectors with middle and high level of technology and low, even average level of labour force. By this aspect, the EU is exposed to the competition of producers of incoming economies, who are increasing the intensity of labour force together with production focused on export and they catch up the EU.

c) In 2000, machinery industry started to run on growth cycle which was followed by unexpected stagnation during years 2001 – 2003. However, this stagnation was overcome by another, averagely 4% of interannual growth in the following two years (2004 and 2005). In 2006, production of machinery industry, of the EU recorded another growth and increased in 7,8%, in comparison with 2005. In 2007, another growth of European machinery industry production was recorded and it was in 8%.

d) Machinery industry of the EU is created from approximately 24 500 corporations which employ more than 2,6 millions of workers. Branch takes an important part in export and formation of

value added of the EU. Although in the very recent years, machinery industry recorded an increase in production, decline in the number of employees begins to be noticeable. It started to use outsourcing of many activities to greater extent.

e) Machinery industry of the EU countries benefited from a strong demand for its production for several years and thanks to this fact, its increase was effective. Unfortunately, in 2008, deceleration of this increase happened due to global crisis and thus it was on the level of 4,7%. In comparison with growth of European machinery industry in 2007, it represents about half of this value.

9.2. Predicted development of the branch

a) For year 2009, experts predict that the branch of machinery industry and equipment will experience the attenuation of hitherto growth of production volume. Some predictions tell about the increase in merely 0,6% in comparison with 2008. The number of employees in this branch may interannualy decrease in 0,5% in 2009.

b) Machinery industry belongs to the dominant employers within industrial manufacture and significant investments are coming into this branch every year. Referring to hitherto development of the automotive production, there is a remarkable development of machinery industry as the important branch supplier for the automotive industry. In connection with decline in demand for machinery products and due to global economic and financial crisis, the current situation is unfavourable for machinery enterprises.

Appendix – Vocabulary of terms used

a) Sector – a part of the national economy of the SR which represents the top level of its division. The entire national economy is divided on 17 sectors:

1) Agriculture, hunting and forest economy
2) Fishery, fish breeding
3) Exploitation of mineral resources
4) Industrial manufacture
5) Manufacture and distribution of electricity, gas and water
6) Building industry
7) Wholesale trade and retail trade, motor vehicles repair, motorcycles and consumer goods
8) Hotels and restaurants
9) Transport, storage and communications
10) Banking and insurance industry
11) Real estates, renting and business services, research and development
12) Public service and defense; social security
13) Education
14) Health and social care
15) Other public, social and personal services
16) Private households with domestic personnel
17) Exterritorial organizations and associations

b) Industry – a group of three from 17 sectors of the national economy (according to NACE – statistic classification of economic activities).It consists of:

1) Exploitation of mineral resources
2) Industrial manufacture – sector of the national economy of the SR including these branches:
2.1) Manufacture of food products and beverages
2.2) Processing of tobacco
2.3) Manufacture of textiles
2.4) Manufacture of apparel, adjustment and colouring of fur
2.5) Manufacture and tanning of leather, production of bags, saddlery goods and footwear
2.6) Manufacture of wood and cork except the manufacture of furniture

2.7) Manufacture of cellulose, paper and paper products
2.8) Publishing, printing and reproduction of taped record media
2.9) Manufacture of coke, refined petroleum products and nuclear fuels
2.10) Manufacture of chemicals and chemical products
2.11) Manufacture of rubber and plastics products
2.12) Manufacture of other non-metal mineral products
2.13) Manufacture of metals
2.14) Manufacture of metal constructions and metal products except the manufacture of machinery and equipment
2.15) Manufacture of machinery and equipment not elsewhere cited -
- Manufacture of engines and turbines
- Manufacture of pumps and compressors
- Manufacture of taps and valves
- Manufacture of bearings, cogwheels, gearing and controlling components
- Manufacture of furnaces and burners
- Manufacture of lifting and manipulating devices (manufacture of trailer and loaders included)
- Manufacture of cooling and ventilation devices
- Manufacture of machines of general use
- Manufacture of tractors for agriculture and forestry
- Manufacture of other machines for agriculture and forestry
- Manufacture of machine tools
- Manufacture of hand portable mechanical tools
- Manufacture of other metal-working machines
- Manufacture of manufacture of other machine tools n.e.c
- Manufacture of machines for metallurgy
- Manufacture of mining and constructing machines
- Manufacture of manufacture of food, beverages and tobacco processing machines
- Manufacture of manufacture of apparel, textiles and leather processing machines
- Manufacture of paper and paperboard processing machines
- Manufacture of other specific machines n.e.c.
- Manufacture of machines and devices for processing rubber and plastics
- Manufacture of other specific machines and devices
- Manufacture of weapons and munitions
- Manufacture of electrical apparatuses for household
- Manufacture of non-electrical apparatuses for household

2.16) Manufacture of business machines and computers
2.17) Manufacture of electrical equipment and apparatuses n.e.c.
2.18) Manufacture of radio, television and communications equipment and apparatuses
2.19) Manufacture of medical, precise and optical instruments and watches
2.20) Manufacture of motor vehicles, trailers and semi-trailers
2.21) Manufacture of other means of transport
2.22) Manufacture of furniture, manufacture of n.e.c.
2.23) Recycling of secondary materials

3) Manufacture and distribution of electricity, gas and water

d) Turnover – include turnover from sale of own products, turnover from service sale and turnover for articles of commerce for domestic as well as foreign consumers, which have been executed during monitored period. They are stated without value added tax and without consumption tax. The sum of values of accounts 601,602 and 603 is hence stated.

e) Note - data from ŠÚ SR are for all organizations with predominant industrial manufacture with the number of employees 20 and more and for organizations with the number of employees no more than 19 if they achieved turnover higher than 100 millions of SKK during the previous year.

f) n / a – it characterizes publicly not available data which was not available in any of monitored sources during the process of inquiry.

a) Machinery industry, machinery manufacture, - equivalents for the name of a branch ,, Manufacture of machinery and equipment"

b) Note – data found in this inquiry is calculated via conversion rate 1 EUR = 30,1260 SKK.