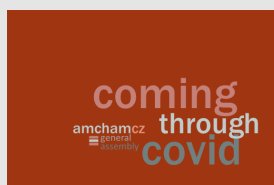




the key questions.
the essential experts.
the no nonsense network.



Bert Hesselink, CTP Invest, Real Estate Council Chair

How did real estate professionals feel about the housing market in our AmCham survey?

1. Majority of respondents said the market in Prague is overpriced, a bubble. The more we move into the regions, the prices respond to normal, for some they are even undervalued.
2. Majority believe the prices will rise, especially in Prague, including apartment rents. Mortgage interest rates will continue to decrease.
3. Majority said the market is undersupplied in Prague.
4. Majority would hold on with residential investment and for some it is now a good time to sell in Prague.
5. Over 25% of respondents are considering change the housing situation that they are in.



when to buy and when to sell residential

November 5, 2020, AmCham Real Estate Council Event

Blanka Vačkova, JLL

How does the Czech housing market compare to other European markets?



There has been a trend in the CEE of growing rate of home ownership (the European average is 66-69%), including the Czech Republic (79%), but in the capital cities, home ownership rates are much lower than is the national average (Prague 45%).

"Population growth and the demographic trend are positive so the demand for residential housing will remain strong in the long run. In terms of prices which are already not affordable for a part of the population, we believe, some people may change their housing strategy and may turn to the rental market."

Michal Skořepa, Česká spořitelna

Is the economy, or banking, impacting residential prices?

"The Czech banking sector is very healthy and can play the supportive role."

The Czech economy is entering the second wave of the pandemic and there are some differences compared to the first wave. The Government seems to be little more hesitant to provide support, but the channels are already there and - if the government wants to help - the help seems to be coming much faster than in spring.



Petr Hána, Deloitte

What are the key numbers shaping the market in cities?

In terms of prices of dwellings, Prague and Brno are the most expensive cities and Ústí nad Labem, Karlovy Vary and Ostrava are the cheapest among the regional cities.

There is a 3% of increase in average wage, but 85% increase in total in apartments in prefabricated houses ("panelák") for the period.

"In total, more than 10,000 apartments in development projects are right now on the market and the total volume of the market is over CZK 64bn."

Lenka Preslová,
PASSERINVEST GROUP

What can government do to help?

Challenges that we face are construction prices and complexity of the permitting process. Potential for improvements is in the new Building Act, Masterplan and cooperation between cities and developers.

"We would like them to see us more as partners than as rivals."



when to buy and when to sell residential

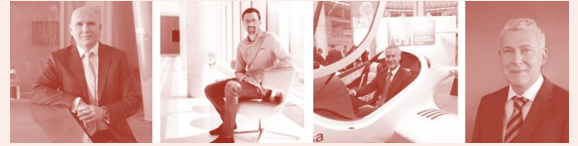
November 5, 2020, AmCham Real Estate Council Event

Jan Adámek, JAN Hospitality

Are buyers behaving differently?

We expect 60 days as the average length of sale of an apartment (advertising to reservation contract) in November and 2-3 months in March 2021.

"We are facing a slower demand. People think more, they are active in bidding, trying to get a discount."



Ondřej Vlček, Avast Software

Does the CEE have the digital workforce to grow multiple Avasts?

“Our business is built on the brains of this region, and we believe it will continue to be,” Ondřej Vlček said. “Artificial intelligence is a prerequisite for almost anything we do in cybersecurity, and we can see that local educators across the region recognized early on the role AI would play and built programs around it. That has given us a great mix of a good cost environment and a good pool of great talent.”

Avast has been able to build its global business by relying on CEE engineers, because universities recognized the potential of the industry, and invested into the field. He has confidence that the Avast experience can be multiplied. Certain deficiencies, such as the number of women software programmers, are being addressed by NGOs, and their activities are receiving increased support from local and global companies. The private sector is investing into diversifying IT, which should increase the size of the available workforce. While the region is producing a satisfactory stream of programmers, countries in the region will need more attractive immigration policies. Large municipalities tend to have higher number of foreign workers, but for satellite towns to achieve the digital potential, they will need greater access to this workforce.



how the pandemic has changed business investment

November 10, 2020 (regional AmCham event)

Dalibor Kačmář, Microsoft Czech Republic and Slovakia

Can the CEE region leap past the competition by moving first into the cloud?

The pandemic has accelerated the shift to cloud computing, particularly in the private sector, and is becoming the first option for IT investment. Banking and finance have been leading the way in moving their business into the cloud, followed by professional services and consumer goods. Others are slower, including the public sector. Governments not only need to settle their concerns about security and regulating data flows, but have to adjust the business models of how they process data in their normal administration of services.

“Cloud computing and 5G will drive the next phase of the digital economy,” Dalibor Kačmář said. “We have been making more and more commitment to the region, including our recent investments into data centers in Poland, Austria and Greece, and doubling or perhaps tripling our cloud software development teams for Teams, CRM and the net framework.”

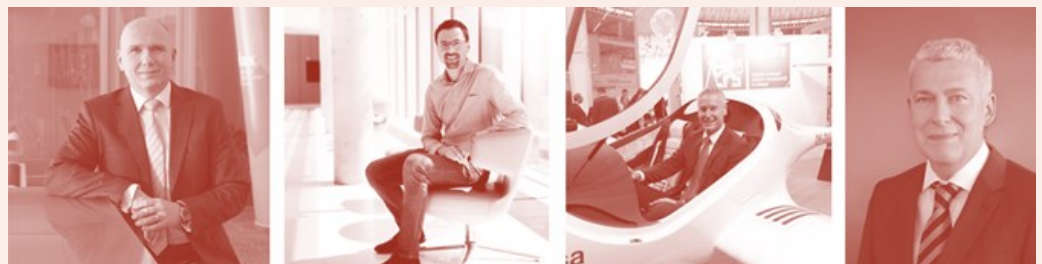


Michel Perret, Carrier Refrigeration

Can the region still use the same formula to attract manufacturing?

The CEE region has gone through huge manufacturing expansion and transition to technology in the past 30 years, driven mainly by Germany and France. Key factors of success are attributed to cooperation within EU structures and its funding programs, and historical ties among countries that played a major role in manufacturing transition from the West to the East. This development was unequal across CEE region. Since 2015, the CEE region has experienced labor shortage, which triggered a y/y salary increase, pushing the immigration policy in the countries to its limits.

“The companies have been looking for solutions, either turn to automation or move up the value chain, to more R&D and engineering products,” Michel Perret said. “At the same time, they have to face challenges of gearing towards higher technical education and sustainability solutions in manufacturing.”

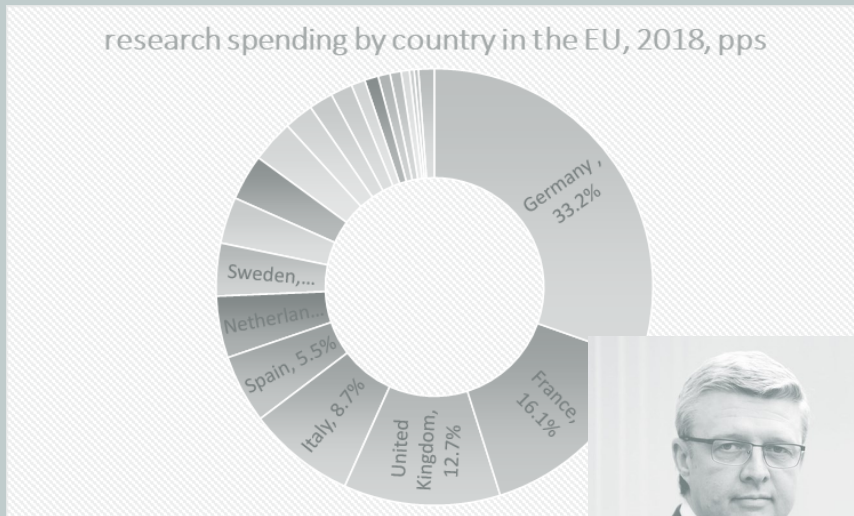


Milan Šlapák, GE Aviation Czech Republic and Slovakia

How quickly can the region shift from product assembly to high-tech development?

Aviation has been consistently investing heavily into R&D in the region. It has chosen the CEE region, particularly Czech Republic mainly for knowing the environment, for having already existing operations there, for having proven track-record and presence of external R&D partners network, for competitive R&D labor cost and good knowledge of the ecosystem. Motivated public sector partners, proper knowledge of the ecosystem, digitization of workforce and supply chain, cybersecurity and IP protection, as well as minimizing bureaucracy and rigidity of the structure of public tenders in a public-private partnership project are seen as the key factors for smooth and long-term investment.

In highly sophisticated and high-value R&D projects *“you don’t know what you don’t know, a lot of things can change and that is the beauty of R&D. And you fail during the R&D. And you often do want to fail during the R&D,”* Milan Šlapák said, *“but public tenders don’t work like that,”* he noted. *“Flexibility, agility and dynamics are crucial for sophisticated R&D.”*



Minister of Industry and Trade Karel Havlíček

We have to start with support of basic and applied research, and innovation. *"The goal is to be among top 10 innovation leaders."* GERD (Government Expenditure on Research & Development) reaches the level of 2% nowadays, and the goal is to achieve 2.5% in 2030, while 2% is the average of the EU. *"In the Czech Republic, US companies are investing into added value. The US is no. 6 in added-value export."*

The Country for the Future: how to transform into an Innovative economy

November 26, 2020



"What you need is the critical mass of companies, universities and regional and city support."

Milan Šlapák, GE Aviation Czech Republic and Slovakia

"The Government and the services, e.g. national health care can create the market for new products that could grow."

The public sector could be better prepared for cooperation with businesses in research and development from the qualitative, project management perspective.

Tomáš Kolář, Linet Group SE

"We have a great fundament to bring new ideas and be innovative." It is important to make the situation for start-ups easier.

1. Reduce the entry barrier - help with initial investment, make failure easier, not damaging start-ups, and incentivize existing enterprises to make start-ups and spin offs.

2. Help monetize start-ups - establish system of incubators, advisors, create the market (public services, health care, elderly care, army, education), and create contacts through economic diplomacy.

Ondřej Krajčů, Y Soft Corporation North America

"What you need is the critical mass of companies, universities and regional and city support."

"Czechs are very resourceful people and this is also our image in the world."



Martin Jahn, Škoda Auto

"After Covid ends, Czech companies may be rethinking their priorities and it can be a chance for the Czech Republic to get new investment and new projects."



Rainer Bogner, ExxonMobil Business Support Center in Prague

Looking back and knowing what would come, we would not design the office as it is. Wider office that is hundreds or thousands kilometers away also brings about tax and social security issues. During the pandemic outbreak, resilience and problem-solving drive was strengthened in the ExxonMobil team.

"Mentoring programs for our younger people have been valuable."

Andrea Hepnerová

"Digital transformation accelerated a dramatic workforce transformation. This transformation will include hard skills as well as soft skills. We will see qualitative shifts in leadership capabilities."



how will the relationship between employers and employees change?

November 27, 2020, AmCham Human Resource Council

Jaroslava Rezlerová, ManpowerGroup Czech Republic and Slovak Republic

There are 5 million of active workforce, out of which 1.5 million work in offices. *"The work left the building."* Still, hybrid work is a likely scenario. *"We will never work 100% from home."* Manpower support call centre left the building in March 2020 and has not returned to the office since, as majority of staff did not really need to perform their work physically in the office. Still, for some type of activities there will be need to switch to hybrid work.

"Managers will have to grow into leaders."

Rebecca Grattan, Avast Software

Avast is introducing "work from anywhere". *"I believe organizations will become more emotionally connected and less legally connected."* EU legislation working hours, employment law, tax, place of residence (where do our responsibilities end?) is something that organizations need to look into hard.

The motivation for managers to become leaders can be increased by explaining to them that they will be able to manage people in a more relaxed way, a way that is less stressful.



The Biden Administration has big plans to revive and modernize the US economy, and thereby provide a strong boost to global business. Most of those big plans require spending money, and spending money requires Congressional approval. The elections have made getting that approval easier and tougher. In the Senate, Democrat victories in Georgia will push the Republicans out of the majority, and give Vice-President Kamala Harris the deciding vote in the evenly split body. In the House, Republican victories have narrowed the Democrats advantage, which will make it tougher for the administration to get the votes they need for their policies. Since what Joe Biden wants will require Congress agreeing to give it to him, how his policies will be received there may be the most critical factor in the ability of the administration to help global business recover from the pandemic. For that reason, AmChams throughout Europe invited former Republican Speaker of the House John Boehner and former Chair of the House Democratic Caucus, both now Senior Advisors at Squire Patton Boggs, to discuss how Congress would handle President Biden's priorities.



how will the Biden administration reshape the global economy?

December 7, 2020, AmCham Board of Directors

Let's begin with perception many people have of Congress. Is it as deadlocked and "broken" as the newspaper headlines say?

John Boehner: "The divide we see in America is not much different from the divide we see in many countries in Europe. Driven by 24 hour cable news, and by social media, a bunch of information is being dumped in people's laps that is either pushing or pulling them into one of two camps. That leaves fewer people in the middle. The constant need for new news allows the loudest voices in both parties to hold their leadership hostage."

"People on both sides of the aisles have relationship. When I was in Congress, I spoke with Joe Crowley every day. We could disagree without being disagreeable. Even with the partisan divide, those relationships make it possible for the two parties to work with each other. I think we are going to see some examples of that in the upcoming year."

On December 10, AmCham Czech Republic in cooperation with AmCham Bulgaria and AmCham Slovakia organized an overview session on the state and the future of the automotive industry in CEE. Moderator Petr Knap of EY Czech Republic outlined the basic trends and figures: the automotive industry had a 26% share in the Czech industrial production in 2018 and the sector created 10% of the Czech GDP in 2019. Europe is the second largest car market after China. 29% of the EU's total R&D expenditures go into the automotive industry. Over 18.5 million of cars were produced in Europe in 2019, compared with 4 million in January-October 2020 (about 260,000 cars lost in Czchia in 2020). The investment volume in R&D in the automotive sector is relatively robust even in the Covid year and some of the biggest names have put up centers of excellence in CEE. Yet many questions are to be decided, especially in the technology area. Human capital is "a time bomb" in many countries, including the Czech Republic, running out of some skill sets needed.



Petr Knap, EY Česká republika

Customers are changing and expect more personalization. „There is a potential to combine different sectors to gain much bigger impact, including the energy, power generation, automotive, software and gaming industries.“

„Within about 10 years we should have half of new cars being electrified along with the EU CO₂ emission caps implementation.“

Tomáš Vondrák, Continental

“CEE has a big potential for both R&D as well as manufacturing. We have taken a couple of strategic decisions going more into CEE with both R&D and manufacturing.“

“I am fully confident that the CEE region will be strong. I am very optimistic about the future of the automotive.“

Martin Jahn, Škoda Auto

R&D is all about people. We either need to bring them from abroad or set our educational system in the right way. *“We may need less mechanical engineers, but more software engineers and specialists in chemistry related to batteries.“*

“We have to go step by step. It will be a lot of hard work, but the automotive will be a major industry, providing jobs. We hope the government will support the sector more and many talents will go into this industry.“



what is the future of the automotive industry in Central Europe?

December 10, 2020, Technology Council