

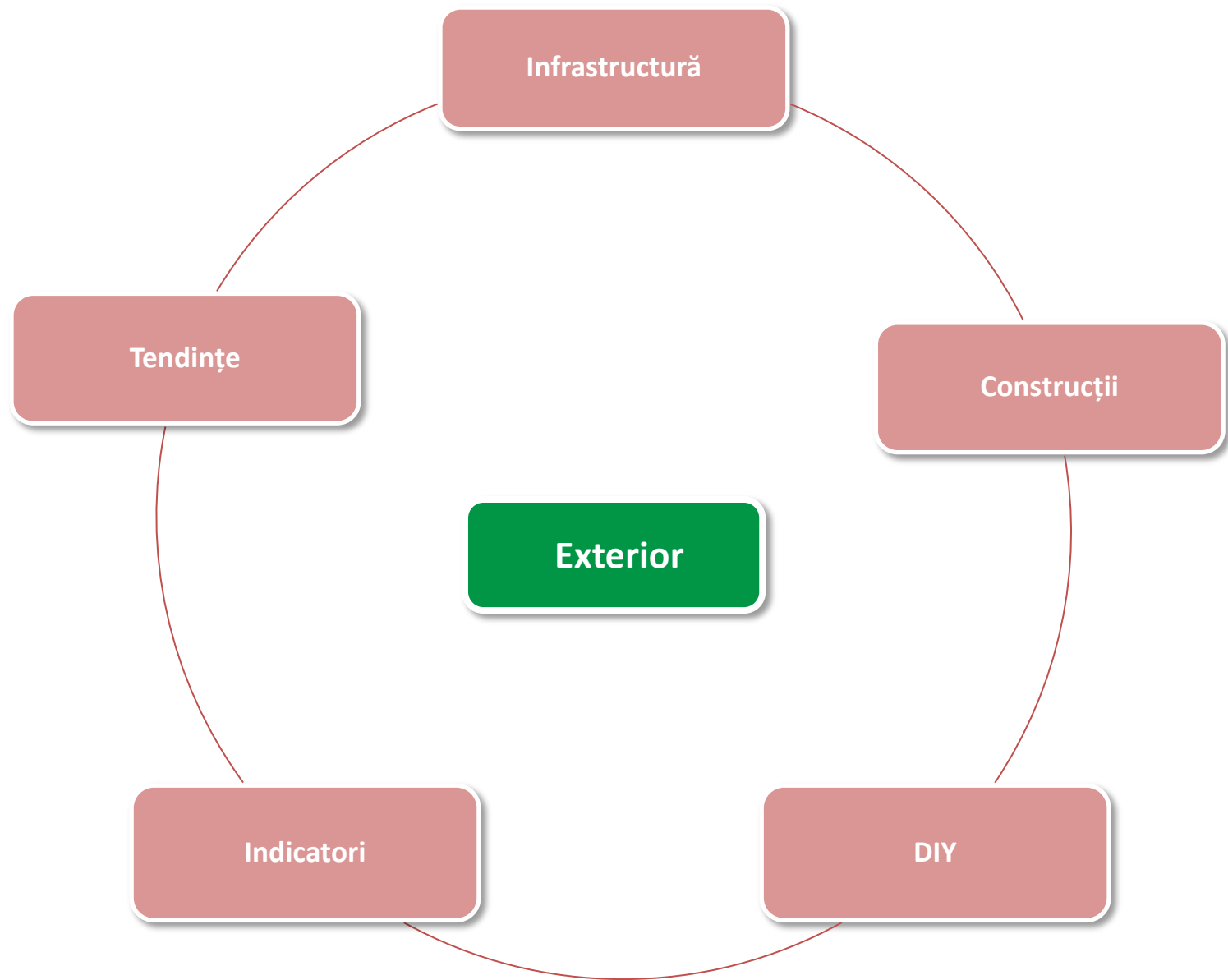
Piața construcțiilor din România

Evoluția pieței

- **2008**
- **2009 – 2013**
- **2014 –**

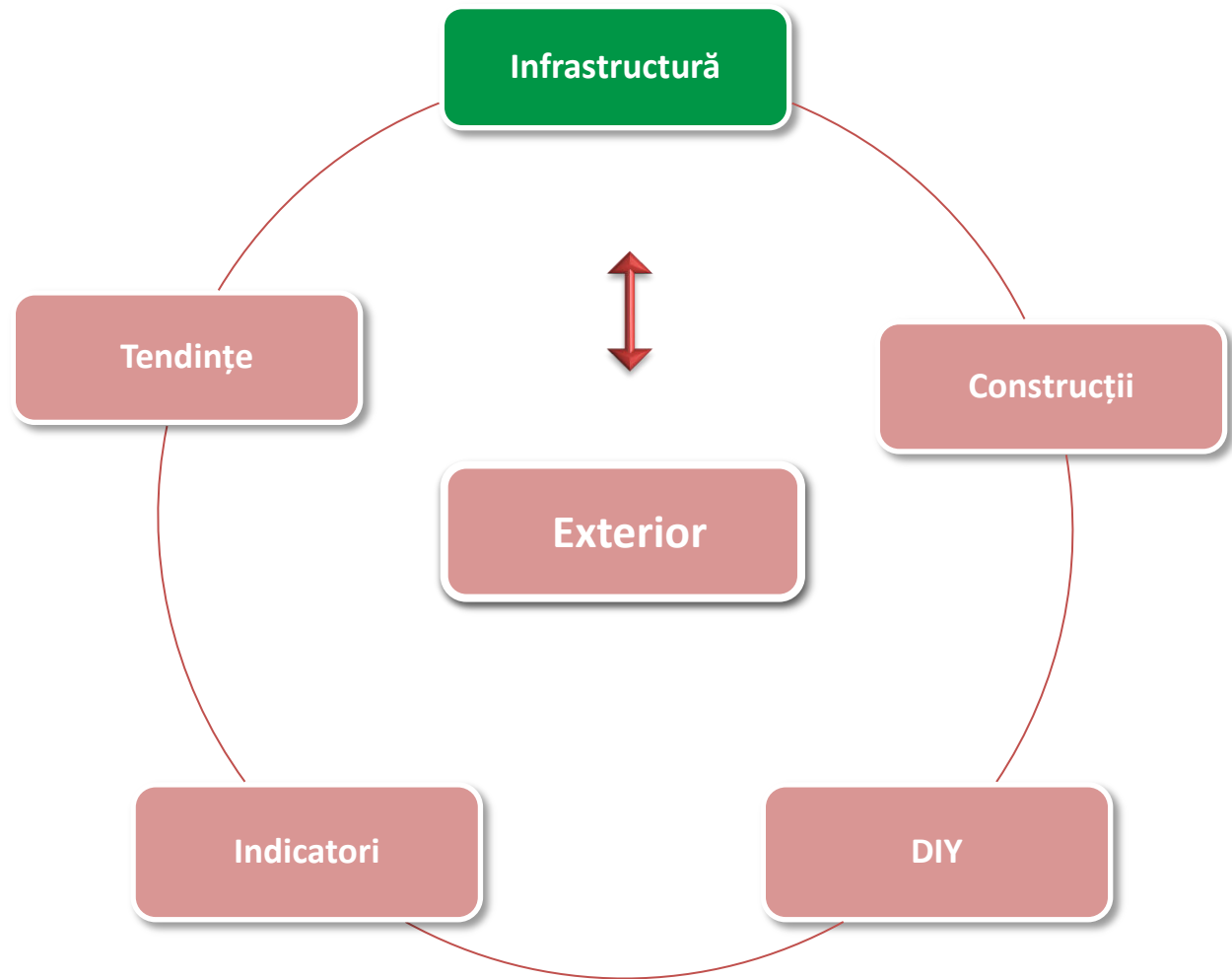
Evoluția pieței

2006 - 2008	2009 - 2013	2014
- creștere a pieței	- comprimare consum	- economie slăbită - supracapacitate - speranțe de creștere
- explozie imobiliară	- criză imobiliară	- reasezare
- core - non-core	- core - non-core?	- core, dezinvestire în non-core
- credit în exces CAPEX	- fără acces la credit	- supraîndatorare - surse alternative de finanțare
- KPI bazate pe venituri, nu pe încasări	- lipsă cost controlling	- adaptare - lichiditate redusă



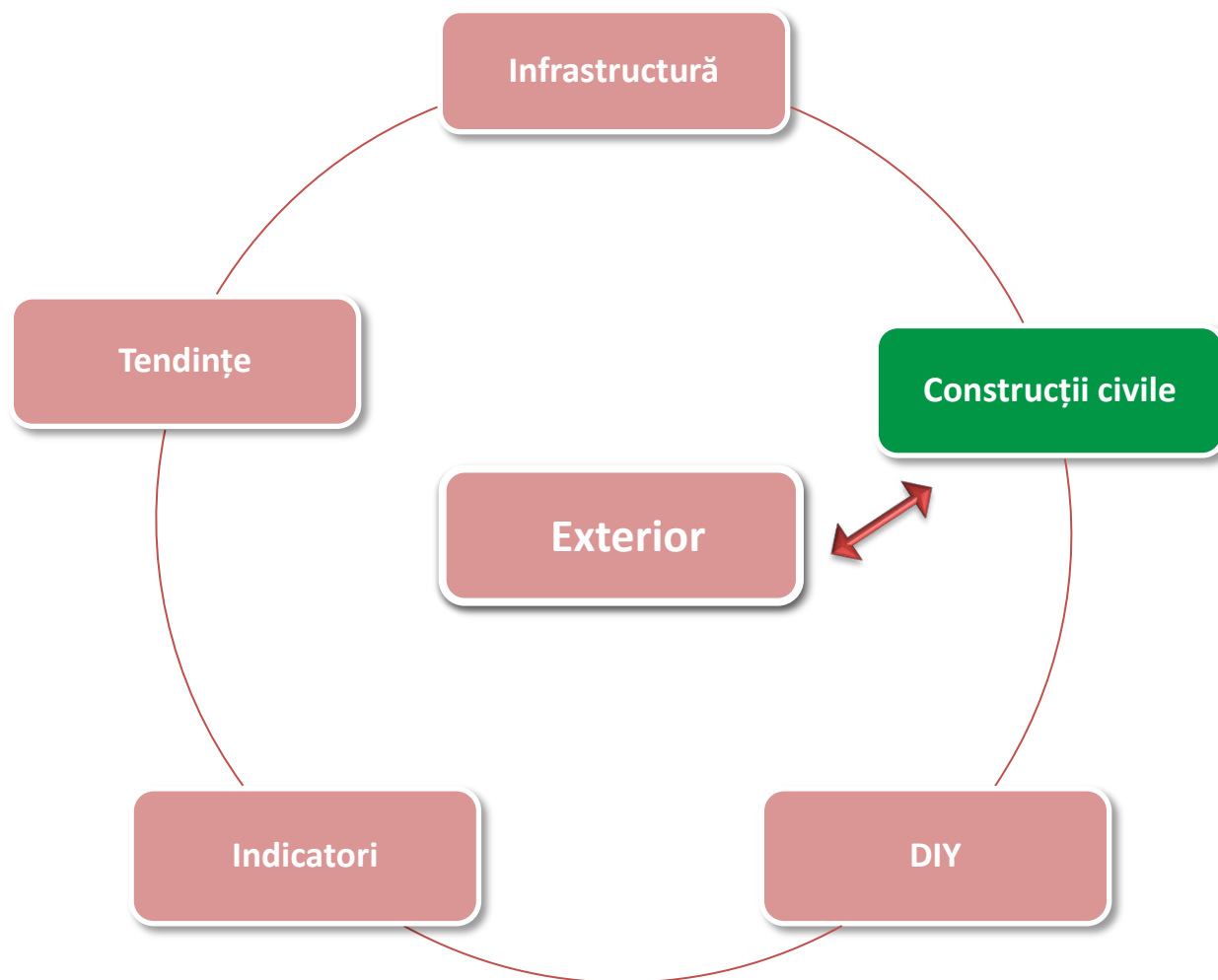
Infrastructură

- foarte mulți jucători locali au dispărut de pe piață;
- piață dominată în prezent de multinaționale.



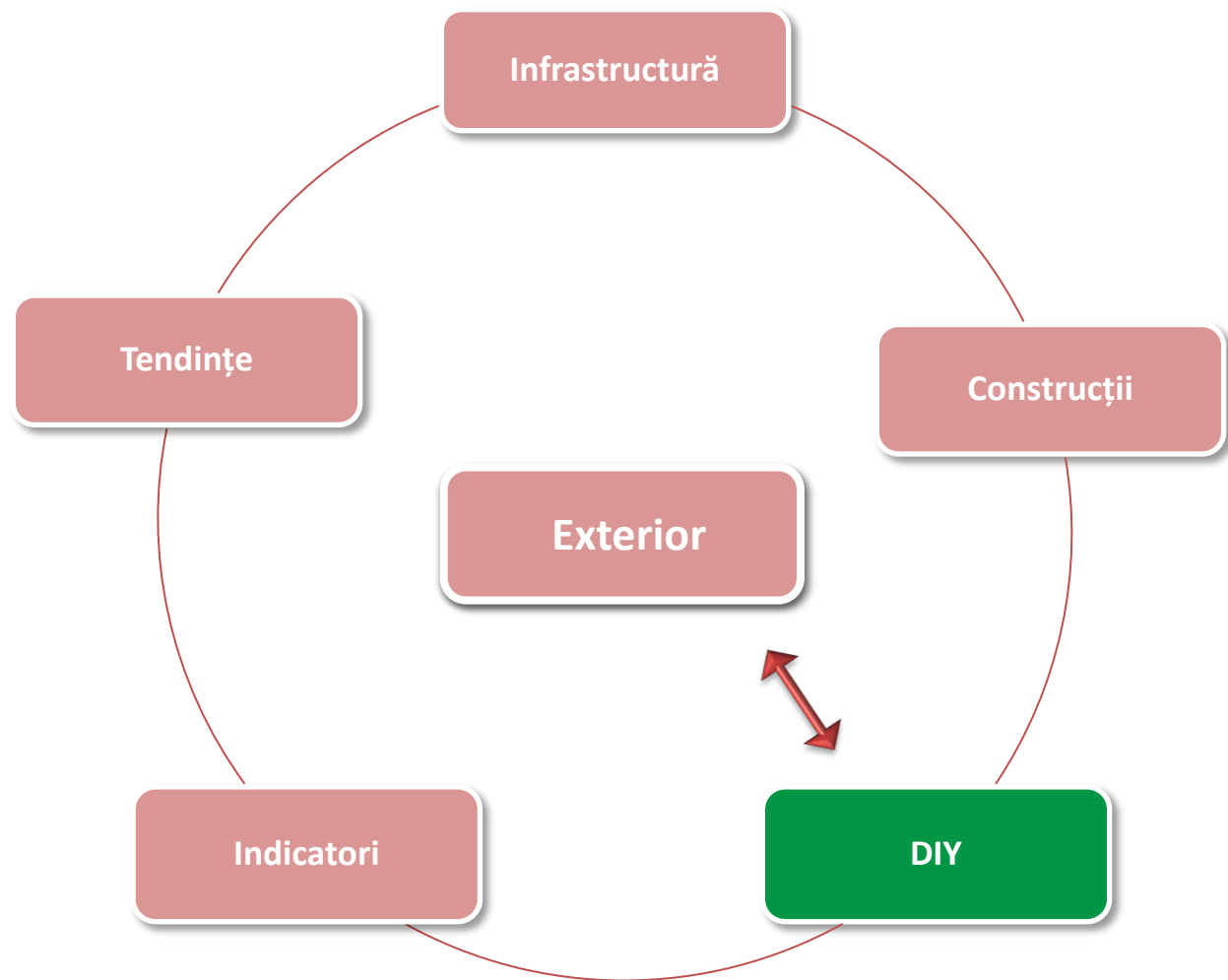
Construcții

- revenire în zona clădirilor rezidențiale;
- grad de ocupare scăzut la nivelul clădirilor de birouri.



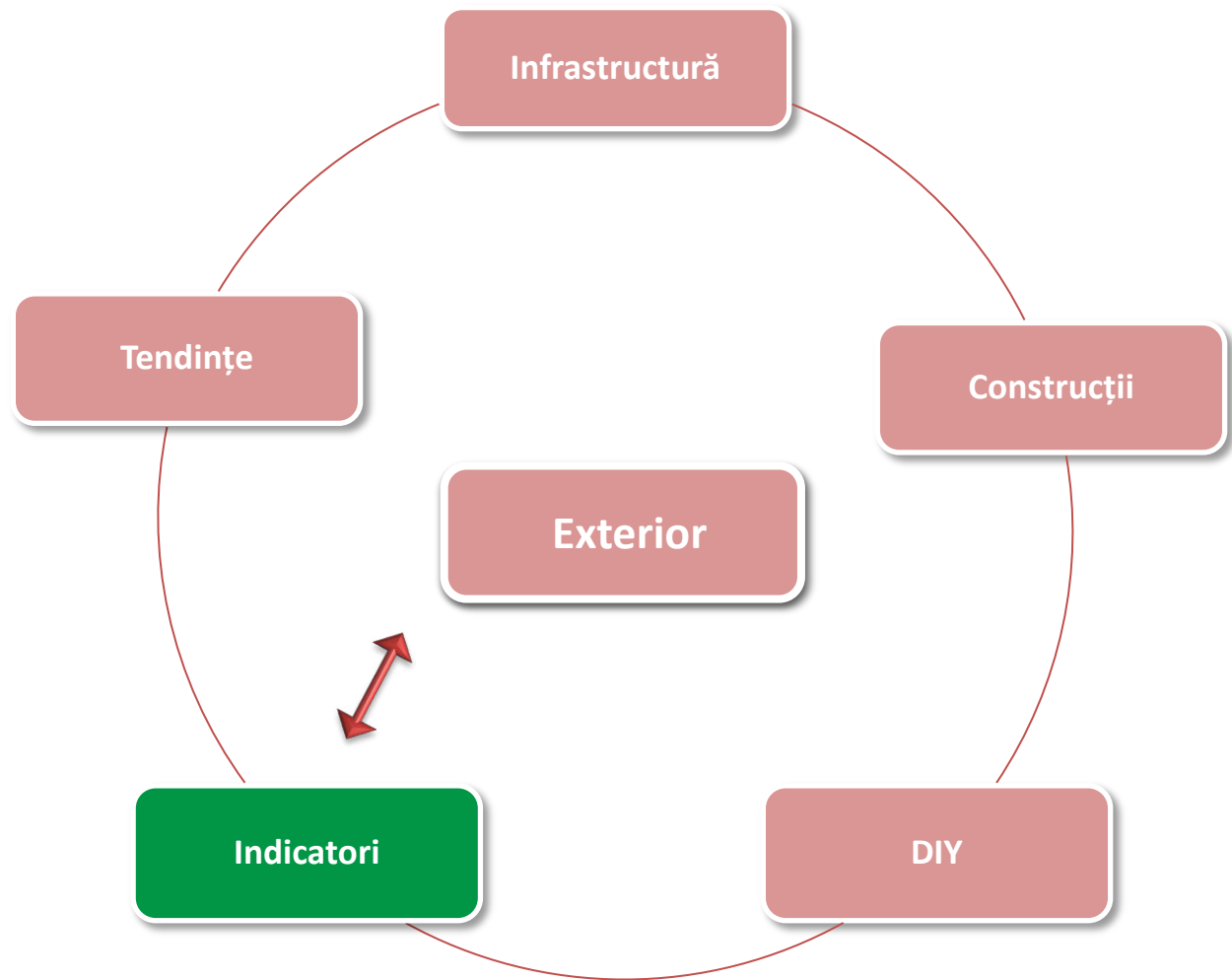
DIY

- concurență acerbă;
- dependența de sectorul construcțiilor;
- piață cu potențial de dezvoltare.



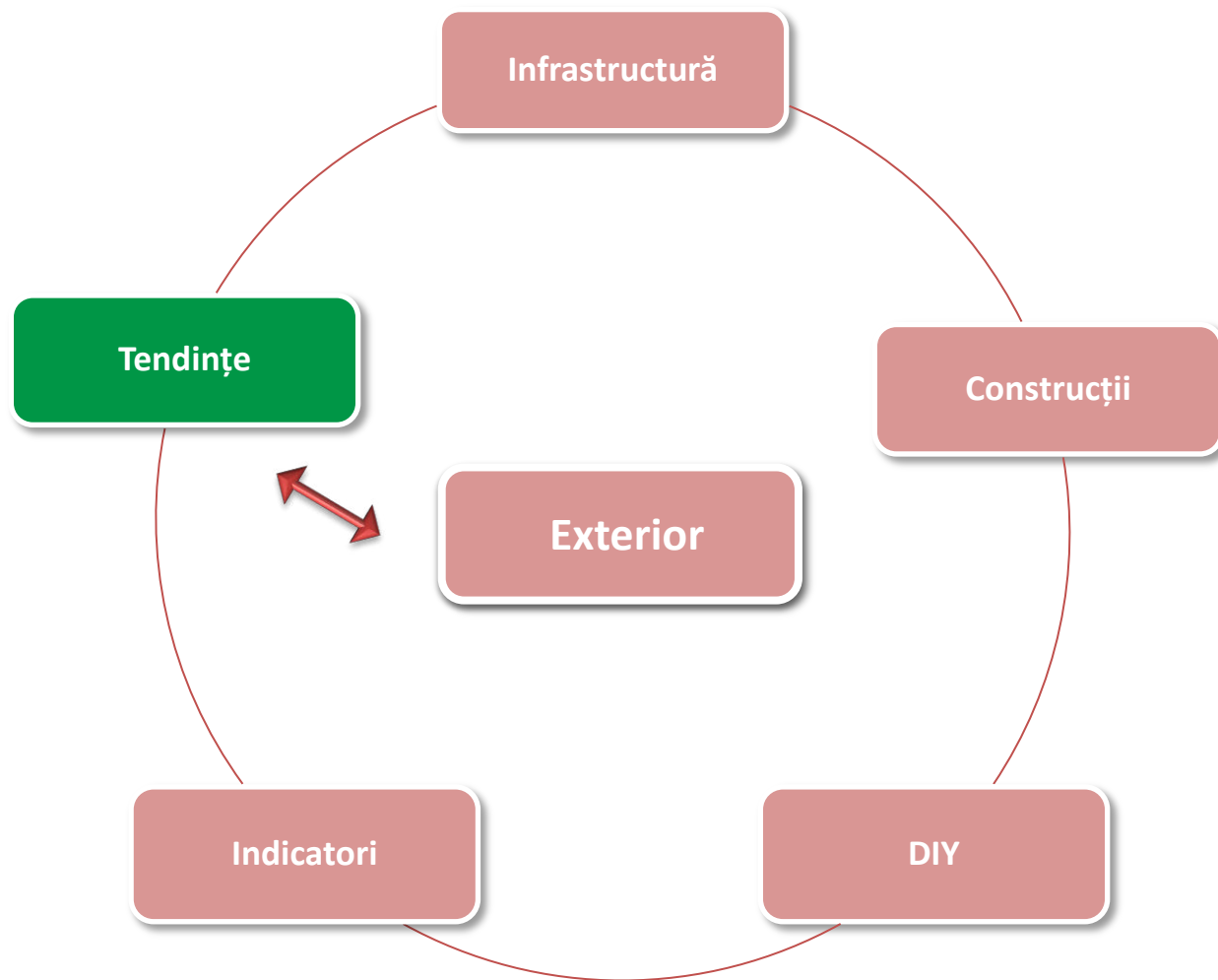
Indicatori

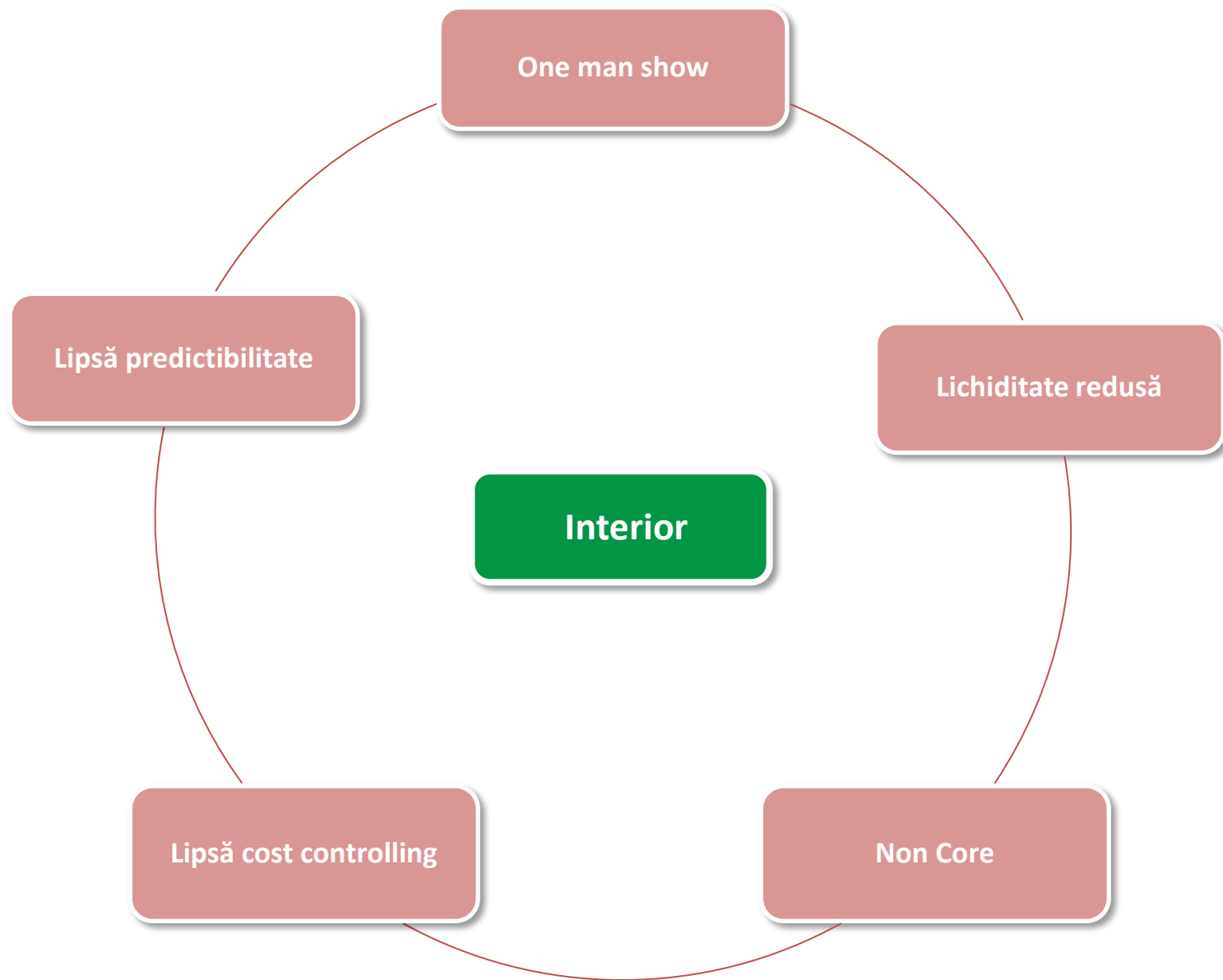
- Grad de îndatorare mare;
- Lichiditate scăzută;
- Durata mare de incasare a creanțelor



Tendențe

- perioada cu incertitudini ;
- dispariția de pe piață a jucătorilor necompetitivi;
- migrare spre Asia.





Actionar – Manager

Lipsă predictibilitate

Lichiditate redusă

Interior

Lipsă cost
controlling

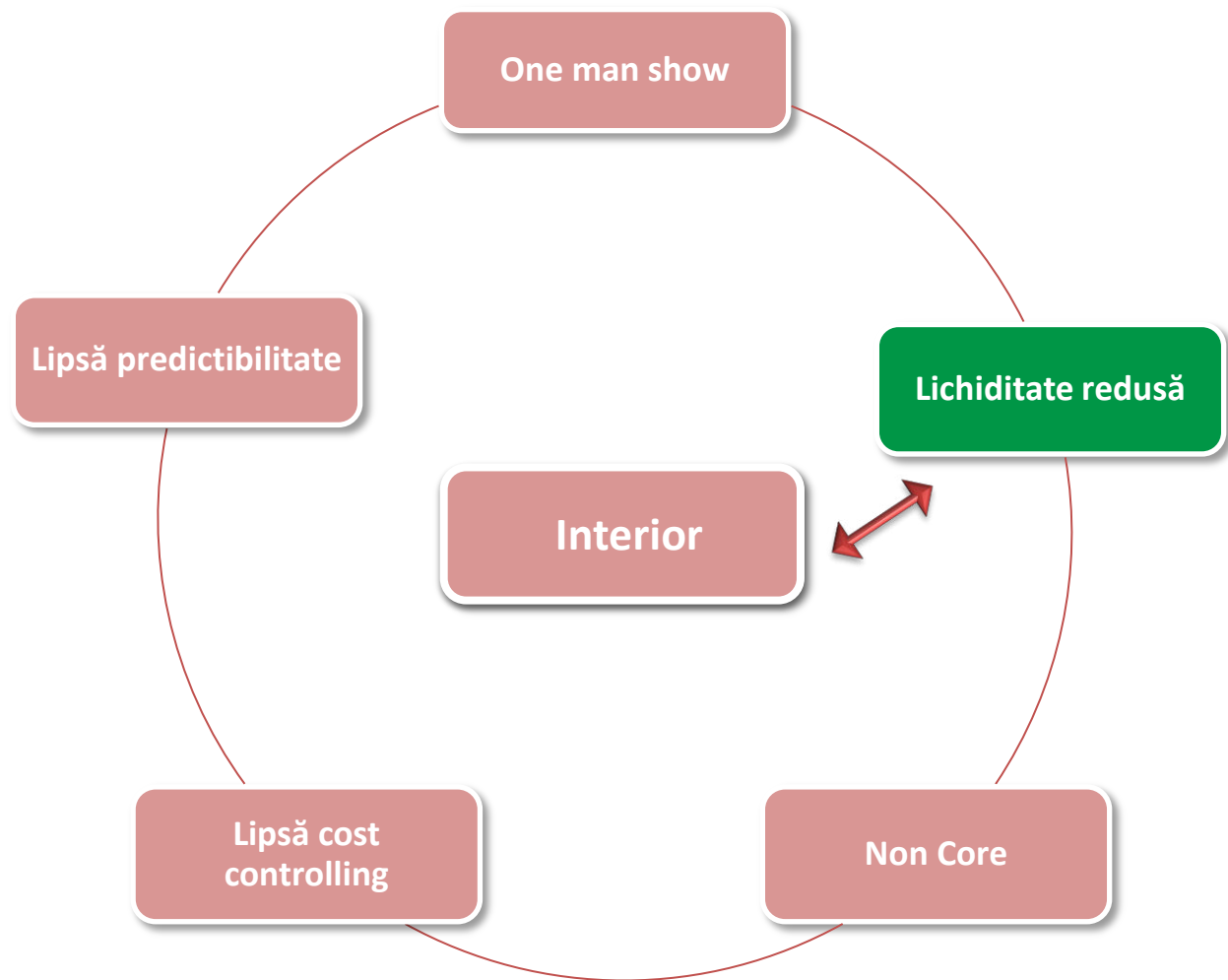
Non Core

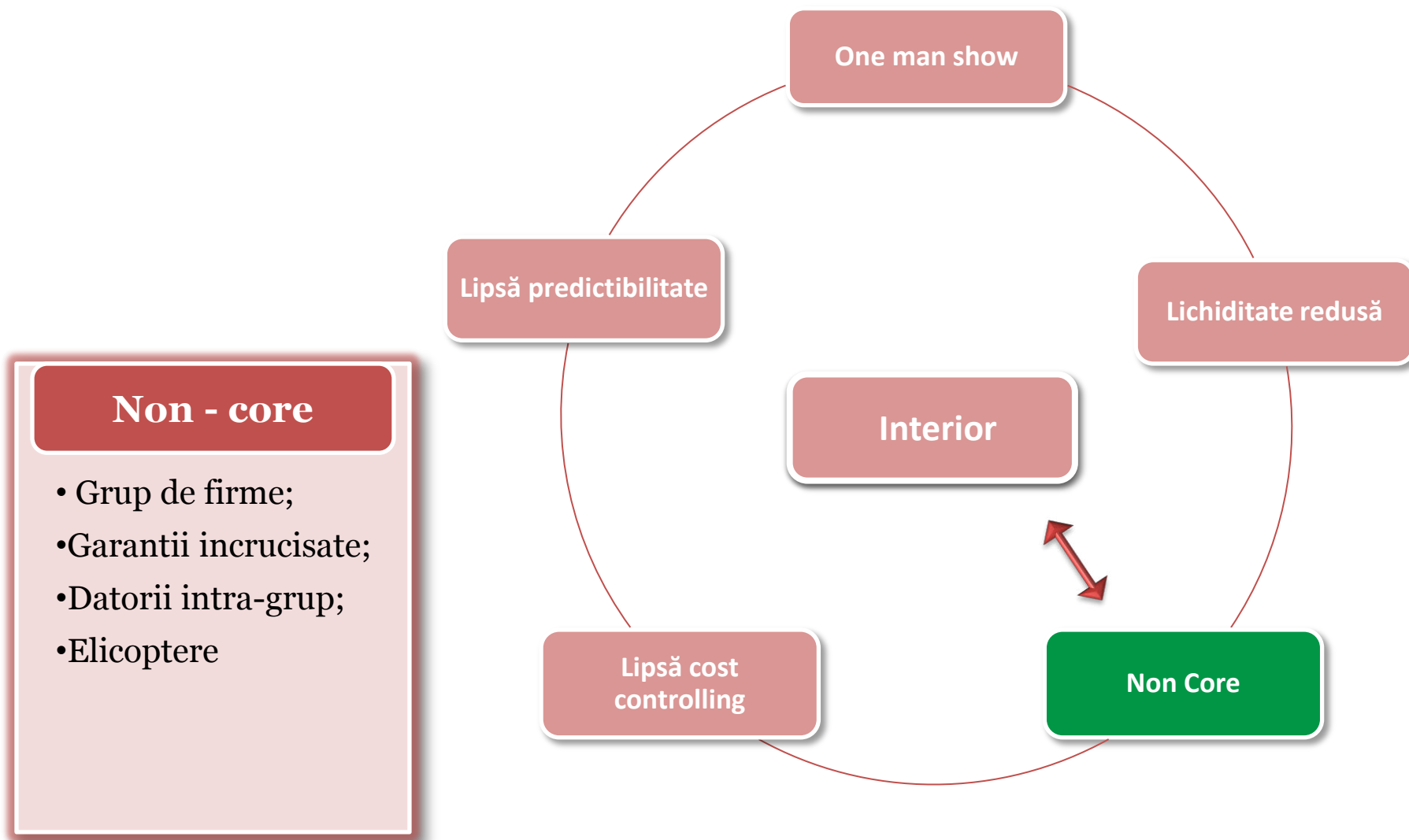
One man show

- proiecte gestionate de asociați/ acționari
- decizii de management bazate pe premise subiective
- Lipsa CFO.

Lichiditate redusă

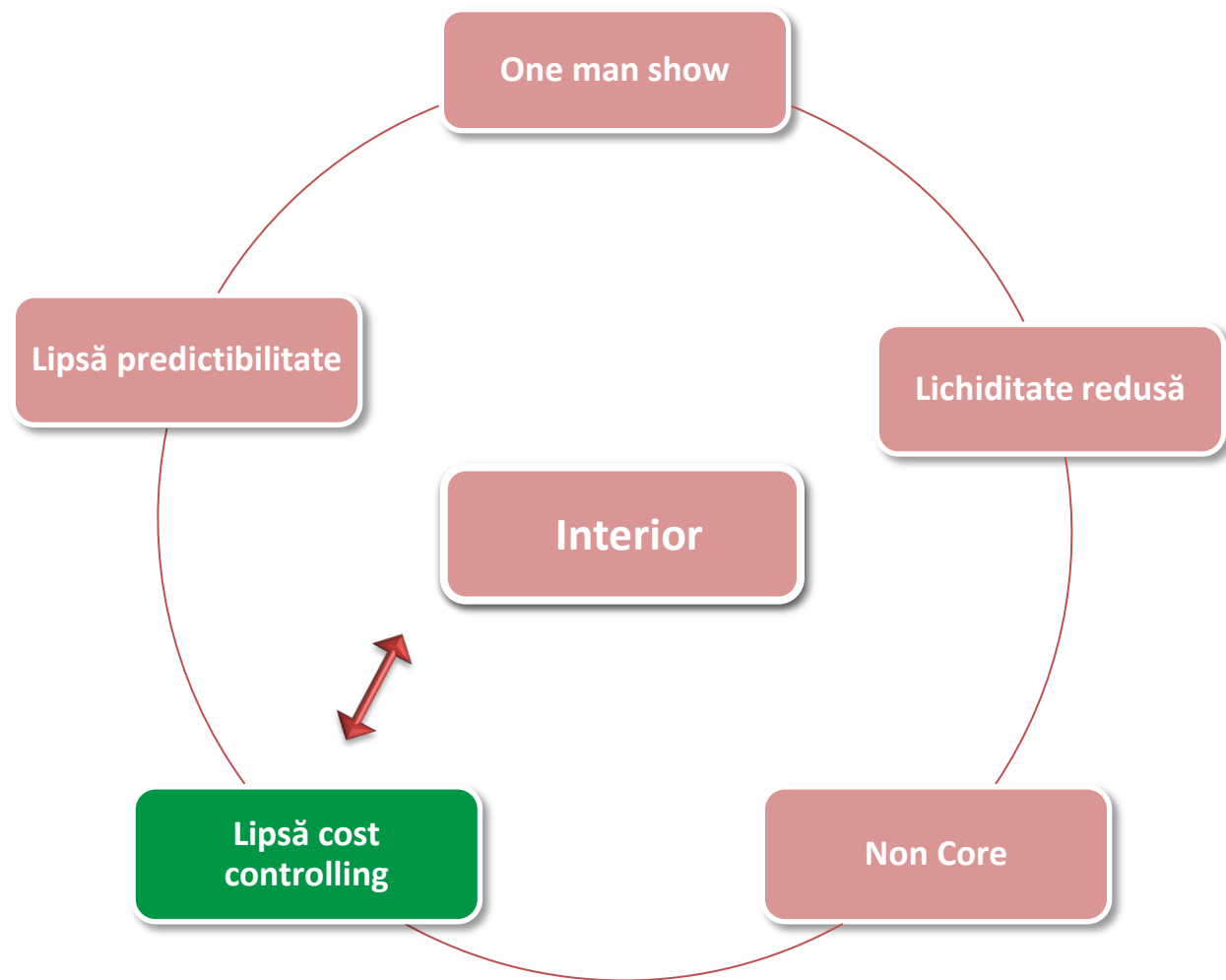
- marja < garantia;
- comision;
- termen incert pentru creantele bugetare;
- decapitalizarea cu TVA;
- provizioane.





Lipsă cost controlling

- lipsa unei urmăriri a costurilor;
- alocarea de resurse în direcții neprofitabile;
- acoperirea pierderilor activităților neprofitabile din activitatea care generează profit.



Impredictibil

- Dificultate în întocmirea proiecțiilor financiare;
- Birocrație
- Risc politic

Lipsă predictibilitate

One man show

Lichiditate redusă

Interior

Lipsă cost
controlling

Non Core

Recomandări

- **Realism**
- **Atenție la semnalele de avertizare**
- **Gestiune cash**
- **Fără dependența de un creditor**
- **Oportunități**

Vă mulțumim!

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Insurance for the construction industry – an overview of core products, coverage and claims

ZF Summit Construction 29 May 2014

James Grindley, CEO CertAsig

Who is CertAsig ?

- CertAsig is a niche, non-life insurance company, primarily selling to corporate and SME customers through brokers
- CertAsig provides insurance solutions unavailable elsewhere in the Romanian, Turkish and Bulgarian markets by innovative and profitable underwriting
- CertAsig differentiates itself from competitors by offering brokers fast response time to offer-requests and efficient claims service



CertAsig – some facts and figures

- CertAsig was established in 2003 and since December 2007, CertAsig has been majority-owned by Royalton Capital Investors II, is a private equity fund focused on acquiring and developing service sector companies throughout European countries

Royalton Capital Investors II limited liability partners include:

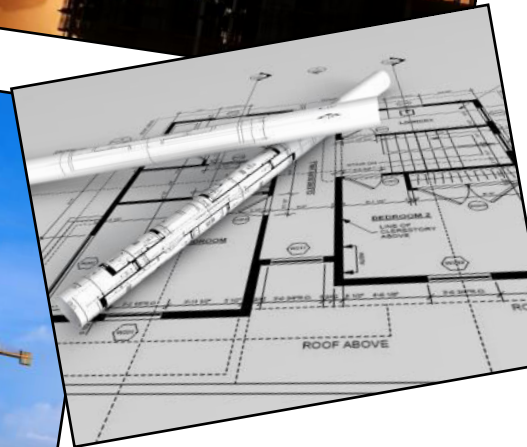
- Alpha Associates
- European Bank for Reconstruction and Development (EBRD)
- European Investment Fund (EIF)

- 6 offices: HQ in Bucharest, 3 regional office in main Romanian cities and 2 international contacts in Istanbul and Sofia
- A growing business – Gross Written Premiums : from EUR 0.7m in 2007 to EUR 12m in 2013
- Construction industry - 5% GWP in 2010 to almost 25% in 2013
- Turnover split (Gross Written Premium): 60% Romanian and Bulgarian corporate clients and 40% Turkish / Black Sea region ship-owners and managers
- 95% of business originates from insurance brokers
- Specialist insurance classes include Professional Indemnity, Bond insurance, Commercial Property, Liability, Event insurance, Personal Accident and General Aviation



Product portfolio developed for construction companies

- Bond Insurance :
 - Bid Bonds
 - Advance Payment Bonds
 - Performance Bonds
 - Maintenance Bonds
- Contractors' All Risks (CAR & EAR)
- Construction Plant Machinery
- Commercial Property Insurance
- Commercial Liability, including General Third Party
- Professional Indemnity
- Cargo & Goods in transit – by land, sea or air
- Personal accident for employees
- Electronic Equipment insurance



What is contractual bond insurance ?

A contractual bond (Surety) is a CONTRACT guaranteeing the performance of a specified obligation.

It is an arrangement by one party to answer to a second party for the debts, default or non-performance of a third party .

Effectively a surety bond is a risk transfer mechanism (that's why it fits into insurance industry so well).

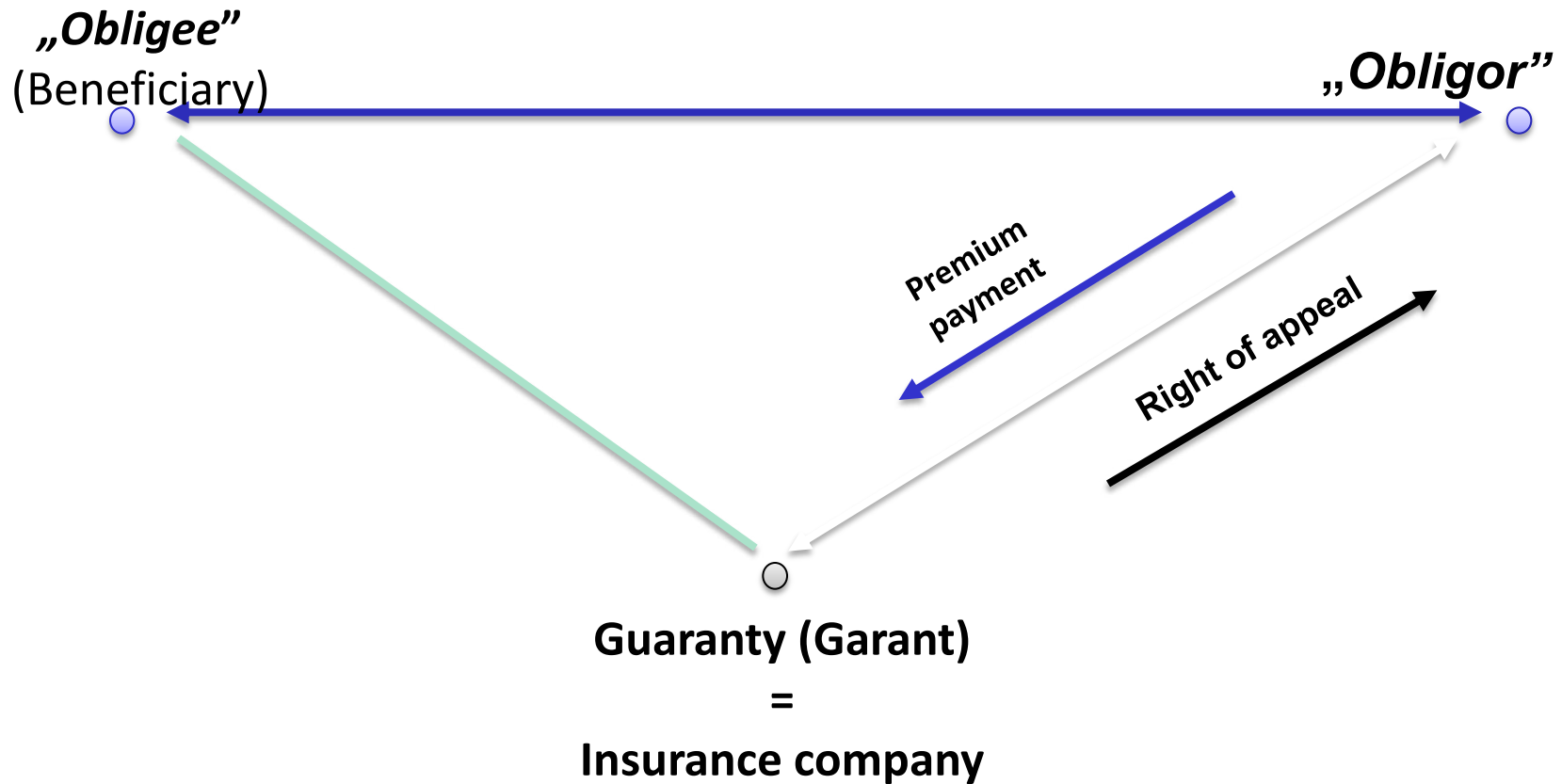
There are 3 Parties to a Bond:

- 1) Surety = Guarantor (this is the company that issues the Bond, i.e. takes the risk)
- 2) Principal = Obligor = Contractor (this is the company that performs the contract, i.e. they are the risk)
- 3) Beneficiary = Obligee = Employer (this the customer who wants something done, project owner)



Relationship between the 3 parties in a bond:

BONDS INSURANCE



Individual Contractual Bonds written by CertAsig

- ***Bid Bond***
 - Insured Period: up to 6 months
- ***Performance Bond***
 - Insured Period: up to 36 months
- ***Maintenance Bond***
 - Insured Period: up to 36 months
- ***Advance payment Bond***
 - Insured Period: up to 36 months
- ***Transport License Bond***
 - Insured Period: up to 12 months

Complementary Insurance Products

- **Contractors' All Risks CAR**
- **Machinery Breakdown**
- **Electronic Equipment Insurance**
- **Construction Plant & Machinery**
- **D & O**
- **Service Providers' Liability**
- **Professional Indemnity**



Engineering Insurance

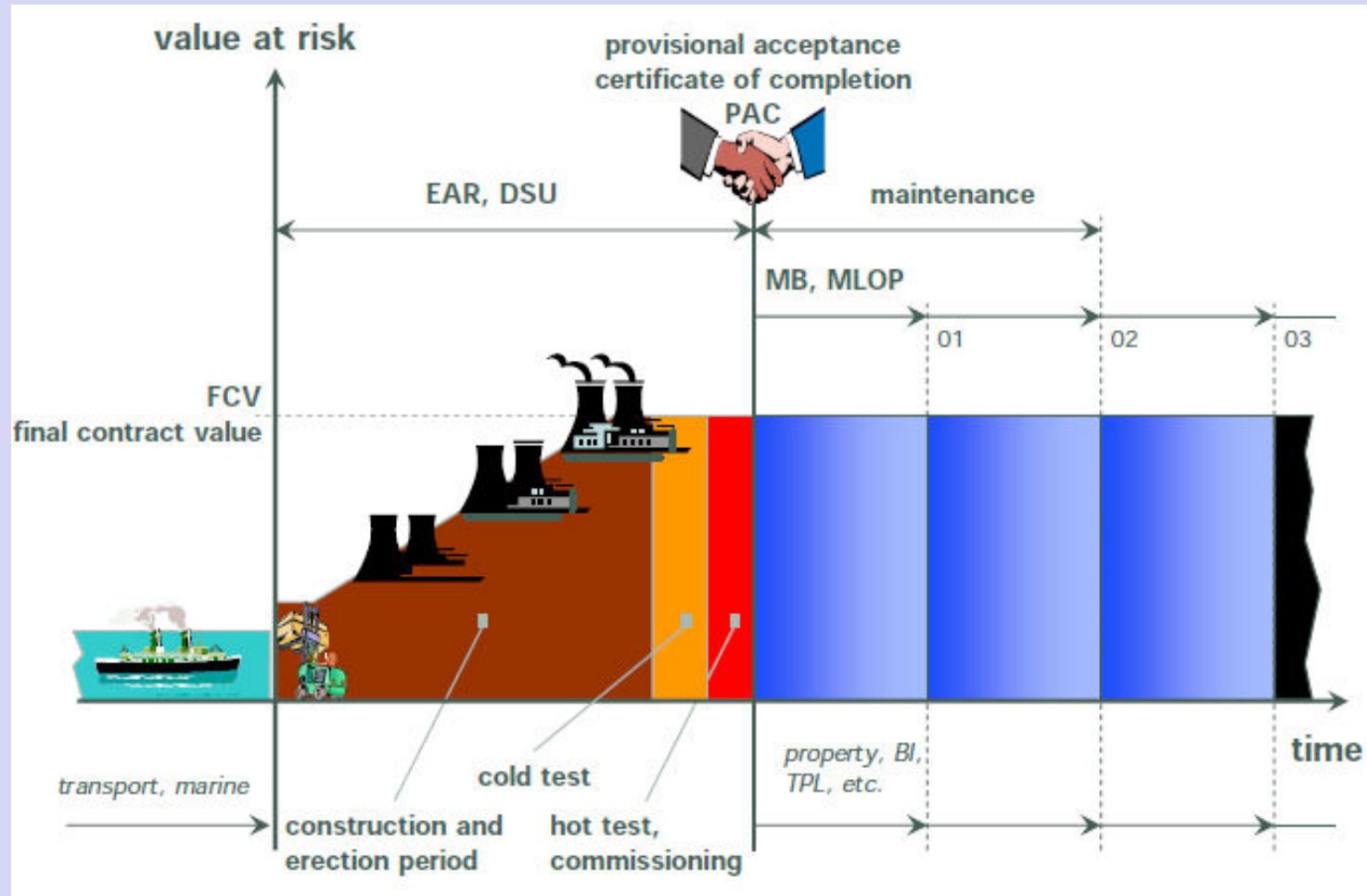
Type of Engineering insurance products :

- **CAR** **Contractor's All Risk**
- **EAR** **Erection All Risk**
- **MBK** **Machinery Breakdown**
- **EEL** **Electronic Equipment**
- **BI** **Business Interruption (complementary coverage)**

A CAR / EAR policy is valid during the construction phase from the beginning (when the materials are unloaded on site) and is terminated when the Taking Over Certificate is issued or the policy ends whichever is earlier and could be extended during the maintenance period.



Many risks can occur during project phases



Project Policies: CAR & EAR

CAR:

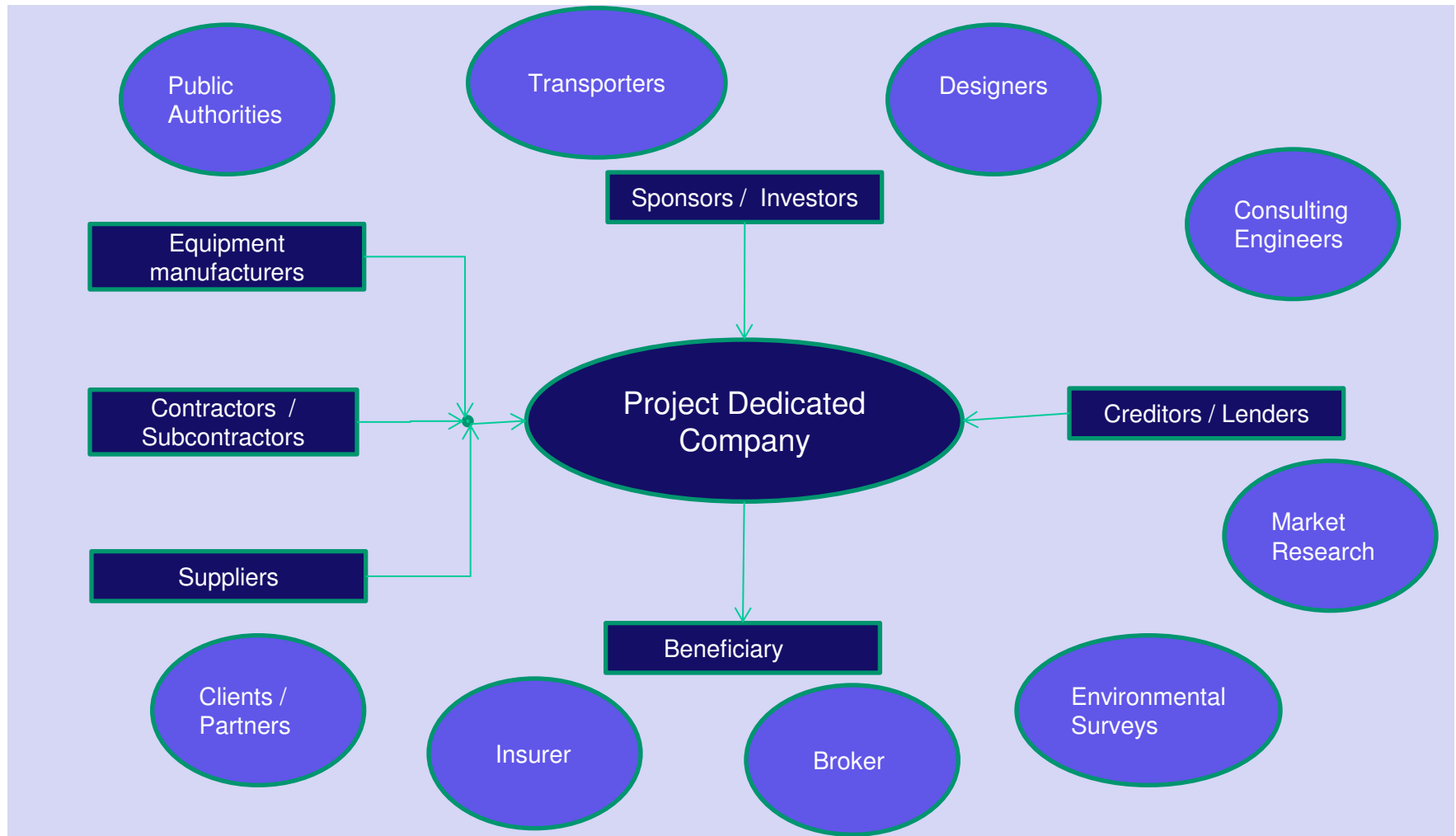
- ✓ Civils works – residential, schools, hospitals
- ✓ Industrial works – hall type
- ✓ Roads
- ✓ Underground infrastructure
- ✓ Pipelines
- ✓ Tunnels
- ✓ Dams

EAR:

- ✓ Power Plants
- ✓ Petrochemical Plants and Other Industrial Plants



Insured Parties within the CAR / EAR policy



CAR / EAR policy includes 1 to 3 Sections

■ Section 1 : Material Damage

Included:

- ✓ **Site preparation Costs**
- ✓ **Engineering Costs**
- ✓ **Works**
- ✓ **Supplies**

Excluded:

- ✓ **Land Acquisition**
- ✓ **Training Costs**
- ✓ **Spare**
- ✓ **Parts, Financial Costs**

■ Section 2 : Third Party Liability

Included:

- ✓ **Accidental loss of or damage to property belonging to third parties (including consequential financial loss)**
- ✓ **Accidental bodily injury / illness to third parties**

Excluded:

- ✓ **Pure Financial Loss**

■ Section 3 : ALOP (Advance Loss of Profits) or DSU (Delay in Start-up)



Claims paid by CertAsig

- CAR – Project: Watercourse Improvement / Planning work (Siret River) / Year: 2010
- Paid: EUR 380,000



Claims paid by CertAsig

Property damage - Total loss of 2 large loading cranes during a severe storm in Constanta / April 2012

Paid: EUR 2.950.000 – the largest Property claim paid by an insurance company in Romania in 2012



Claims paid by CertAsig

- Performance Bond - Non-performance of repair work to Targoviste sewage system / April 2013
- Paid: EUR 705.000



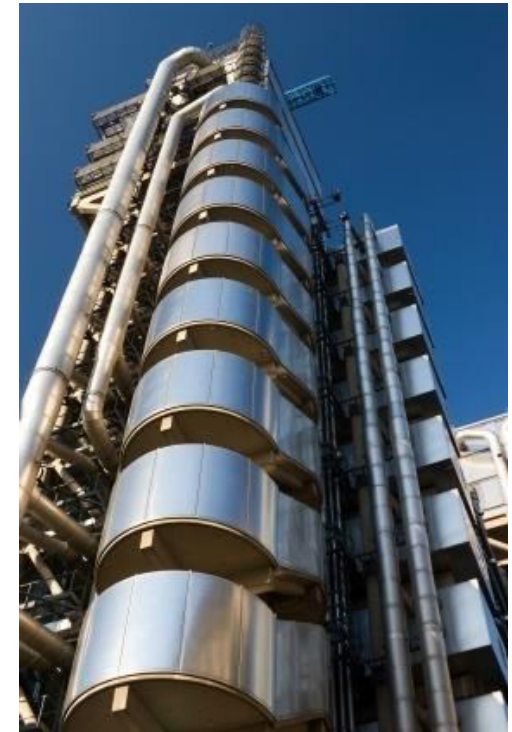
Reinsurance underpins our business

■ CertAsig's policies are secured by a first-class panel of reinsurers, including:

- **Lloyd's Syndicates**
- **SCOR**
- **Hannover Re**
- **Polish Re**
- **Partner Re**
- **Swiss Re**
- **Sirius**
- **Other reinsurers rated A- or better**

■ Our reinsurers offer us not only solid, financial security but also expert assistance with technical underwriting issues which are paramount to our specialist range of products.

■ The strength of our reinsurance programmes gives our clients and brokers piece of mind that claims will be paid promptly and fairly.



Contact details

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www.certasig.ro

Thank you!



CONSTRUCTION RISKS PROTECTING YOUR INVESTMENT

28-29 MAY 2014, Bucharest



Matthew Kendle
Vice President, Marsh Construction

Well built infrastructure underpins resilient economies and enhances their competitiveness.

Decisions made today will impact both the standard of living and the business competitiveness of future generations.

Objective:

*To demonstrate how **proactive risk management** and **early involvement** of an **industry focused risk advisor** can assist in the **understanding of project risks**, allow **more informed decisions** around risk and **develop insurance solutions** to some accepted risks.*

Agenda

1. 'Risk' and its presence in construction and infrastructure projects.
2. Role of an insurance advisor.
3. Insurance – Practical Considerations.

‘Risk’ and its Presence in Construction and Infrastructure Projects

‘Only those who will risk going too far can possibly find out how far one can go’
T. S. Eliott

- Risk is the opportunity for gain versus the possibility of loss of any undertaking.
- Major projects risks:
 - On time.
 - On budget.
 - On quality.
- Risk can be retained or transferred.
- If you own risk, then steps can be taken to protect your position.

Ultimately some of the most impressive projects in the construction world are the result of unprecedented risk taking and success against all the odds, however...

...not all achieve the success they set out to...



Source: Catalogue of Notable Tunnel Failure Case Histories (O b 2012) Civil Engineering and Development Department The Government of the Hong Kong Special Administrative Region **October**
Prepared by Mainland East Division Geotechnical Engineering Office Civil Engineering and Development Department

Risk in Construction Projects - the Successes.....



But...not all projects are successful

Inadequate assessment, management and mitigation of risk can manifest in:

- Faulty design.
- Defective workmanship.
- Cost overruns.
- Project delays.

Any combination of the above could have devastating consequences...

Impact...

The impact of such an event is devastating:

- Immediate direct costs:
 - Loss of life.
 - Cost to remedy the assets/project.
 - Loss of revenue.
- Indirect, unquantifiable and less obvious (not exhaustive):
 - Loss of commercial reputation – impact on future bids.
 - Adverse public opinion.
 - Lack of shareholder confidence - Decrease in share price.
 - Opportunity cost of capital.
 - Employee engagement.

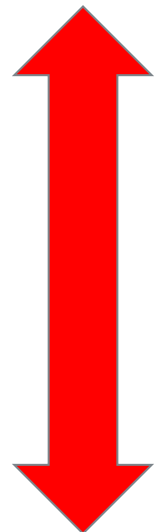
So what of these are typically insurable?

Impact...

The impact of such an event is devastating:

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 - Lack of shareholder confidence - decrease in share price.
 - Opportunity cost of capital.
 - Employee engagement.

Insurable



Uninsurable

Role of an insurance risk advisor

- Our job is to inform and not to unduly influence investment decisions, our aim is to
 - assist in review of risk allocation and indemnity provisions.
 - Create a robust insurance solution.
 - seek prompt settlement of claims.

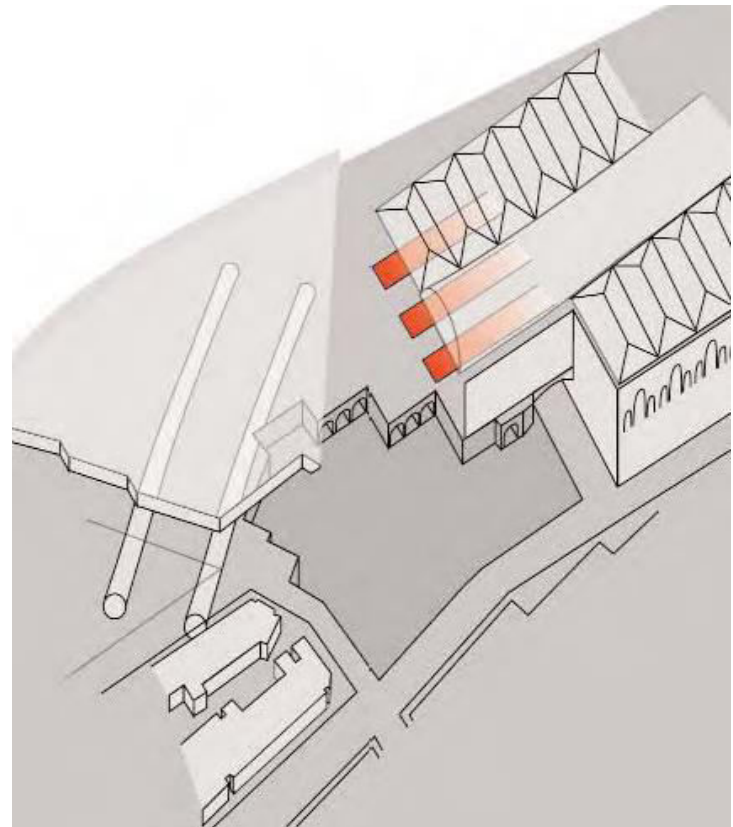
Our advice impacts the business

- Compliance with regulatory and lenders requirements.
- Financial Model.
- Risk of Loss.
- Compliance with project agreements EPC/Finance Agreement.

Taking early advice ensures informed decision making

Insurance – Practical Considerations

- Wording – Insurer vs. bespoke project policy.
- Scope of cover – Design clauses.
- Deductible level.
- All the above need to consider the possible requirements of lending parties.



Conclusion

Risk is inherent to construction
but robust risk management can enhance the likelihood of project success

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- cristian.fugaciu@marsh.com



This PowerPoint™ presentation is based on sources we believe reliable and should be understood to be general risk management and insurance information only.

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May 29th 2014

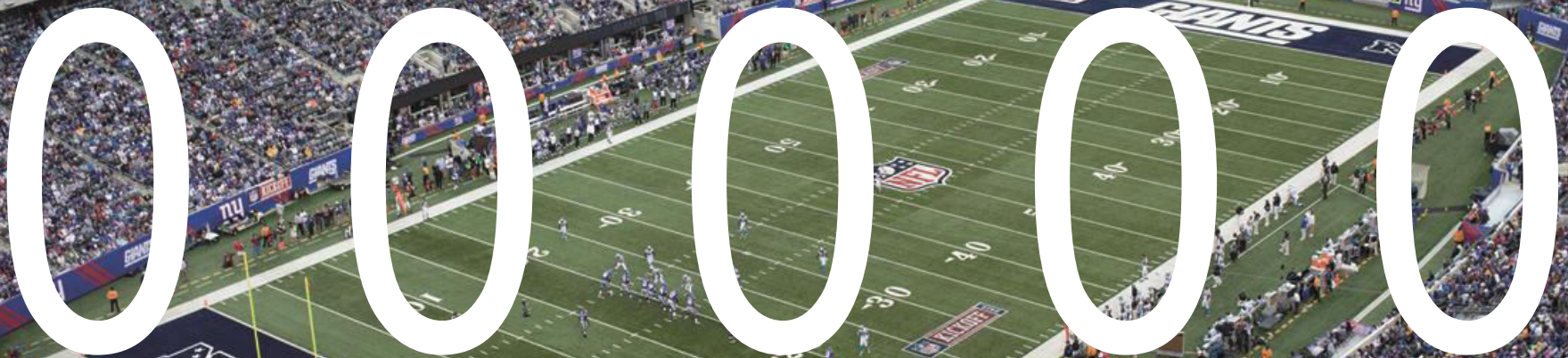
Richard Burleigh, President, Skanska Construction Romania

Skanska in brief

- Founded 1887 in Sweden
- International business since 1897
- Listed on the Stockholm Stock Exchange
- 2013 revenues: EUR 15,8 billion
- 10,000 ongoing projects
- 57,000 employees
- 4 business stream: Construction, Commercial Property, Residential, and Infrastructure Development



Our values – the five zeros vision



Zero
loss-making
projects

Zero
environmental
incidents

Zero
accidents

Zero
ethical
breaches

Zero
defects

Skanska in Romania

- Operating in Romania since end of 2011
- Two business streams: Commercial development and Construction
- Acquisition of first plot in 2012
- Started construction of first project in Q1 2013
- Completion of first phase – Q4 2014



Green Court Bucharest



- General contractor: Skanska Construction Romania
- In total 52,000 GLA office
- 3 independent phases
- Delivery of 1st phase: Q4 2014
- LEED Gold pre-certified
- Located in the fast growing north area of Bucharest

Green solutions



Energy efficient façade with shading system and high performance glazing



Enhanced fresh air supply: 30% more than local standard allowing for a healthier working environment



Solar panels for hot water preheating



Building Management System (BMS)



Low-emitting materials



Water efficient fixtures, storm and grey water reuse systems, enabling savings of more than 40% of the total yearly water consumption



Energy-saving lighting system with motion and intensity sensors



Skanska Global knowledge, local presence



mission

develop

build

maintain

physical environment

living

traveling

working

Over 10,000 roads



Integrating Poland with other EU-nations, A1 motorway, Poland

30 ongoing Commercial Development projects

Modern, efficient and green workplaces, Green House, Budapest, Hungary

An architectural rendering of a modern, multi-story apartment complex at night. The building features a mix of dark and light-colored facades, with many windows and balconies illuminated from within. The balconies have glass railings and some have small potted plants. In the foreground, there is a well-lit courtyard with green lawns, trees, and several people walking or sitting on benches. A tall, modern street lamp stands in the courtyard. The overall atmosphere is warm and inviting.

3,500 Homes
every year

Park Ostrobramska, Warszawa, Poland

541 hospitals
in 10 years



Providing future healthcare and research, New Karolinska Solna, Sweden

SKANSKA

6,000
students

Providing a sustainable learning environment for children, School, Bristol, UK

A photograph of the Manhattan Bridge's steel truss structure. The bridge's massive steel beams and rivets are prominent in the foreground. In the background, the New York City skyline is visible under a clear blue sky. A semi-transparent white box is overlaid on the left side of the image, containing green text.

400,000
daily
commuters

Connecting Manhattan with Brooklyn, Manhattan Bridge

SKANSKA

A photograph of an American football game. In the foreground, a player in a white jersey with green accents (New York Jets) is running with the ball, being tackled by a player in a purple jersey (Baltimore Ravens). Other players from both teams are visible in the background, engaged in the play. The field is green with white yard lines. A large, semi-transparent white rectangle is overlaid on the left side of the image, containing the text "Over 60 US stadiums in 20 years" in blue.

Over 60 US
stadiums in
20 years

The official site of Super Bowl XLVIII in 2014 , MetLife Stadium, New Jersey, US

200,000
vehicles
a day

Increasing the capacity of on the world's busiest and largest highways, M25, London, UK

Over 50 airports

Strengthens Prague's role as an aviation hub in central Europe,
Terminal 2, Prague's Ruzyne Airport, Czech Republic

An aerial photograph of the Öresund Bridge, a long cable-stayed bridge spanning a vast body of water. The bridge's structure, including its pylons and cables, is visible against the blue water. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the text 'Over 1,000 bridges' in a blue, sans-serif font.

Over
1,000
bridges

Connecting Sweden and Denmark, Öresund Bridge

From 4 to 24 trains per hour

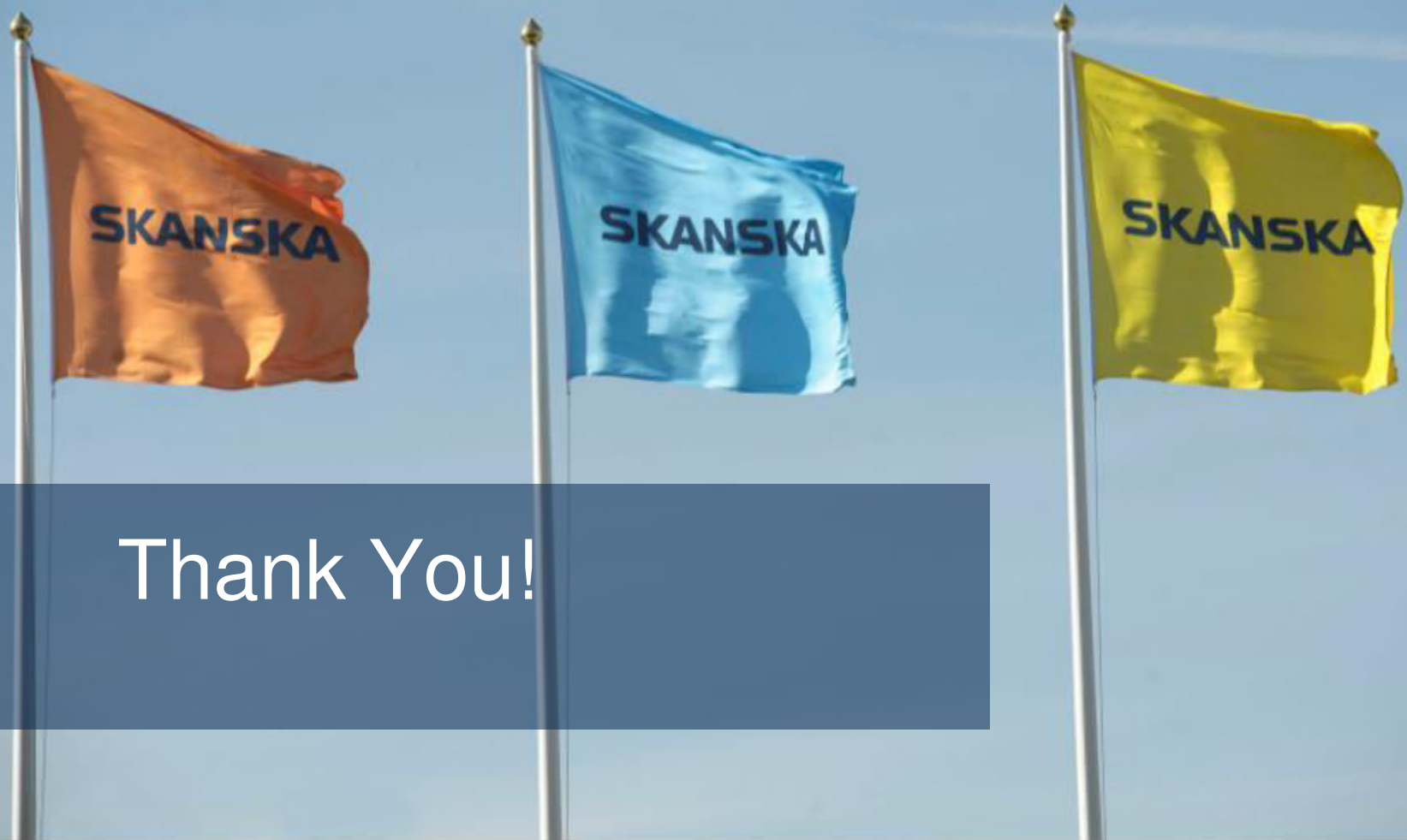


Increasing traffic capacity in a sustainable way, Hallandsås Tunnel, Sweden



200,000 sq.m.
offices, retail
entertainment

The largest multifunctional project in an innovative way, Złote Tarasy, Warsaw, Poland



Thank You!