



P R E S S R E L E A S E

Bucharest, July 4th 2019

Positive revenue trend and an increase of 17% in 2017 compared to the previous year for wholesale of wood, construction materials and sanitary equipment

Strengths:

- **17% increase in consolidated revenues in the sector;**
- **The money conversion cycle became positive in 2017, 3 days, from -1 day in 2016;**
- **Decrease in the period of receivables collection from 64 to 60 days.**

Weaknesses:

- **More than one third of companies (43%) registered a decrease in revenues;**
- **Almost a third of the companies operating in this sector do not obtain profit from their core business;**
- **Among companies with turnover > EUR 1 Million, 2018 was a maximum in terms of the number of incidents recorded and the number of companies for which they were registered.**

The wholesale of wood, construction materials and sanitary equipment sector is strongly dependent on the development of the construction sector, showing a positive trend for the period between 2018 - 2019 and reaching a maximum point in August 2018. As concerns the first semester of 2019, the provisional data for April of this year show a slight decrease compared to the same month of the previous year.

This sector analysis carried out by Coface includes the aggregate data of 7,035 companies that submitted their financial data for 2017 and generated a consolidated turnover of RON 19.1 billion. Thus, the surveyed companies registered a positive revenue trend in 2017, which grew by about 17% compared to the previous year and recorded a slightly higher profitability compared to the same year.

Current sector-wide liquidity, during 2017 rose to 1.18, while still low-scaled working capital was exposed to negative shocks in a volatile context: falling revenue or non-collection of receivables. At the same time, the companies in the surveyed sector register a financial autonomy of 86 days under force majeure circumstances, relatively dependent on the collection of receivables, given the fact that all receivables on the balance are collected up to 60 days in 2017.

In 2017, the consolidated net result in the sector was 3.5%, slightly higher than the 2016 (3.2%) level. However, 29% of companies recorded a net loss at the end of 2017, with 14% of companies registering a loss higher than 20% and only 12% of companies with a profit higher than 20%.



P R E S S R E L E A S E

In relation to the investments made in the sector during 2017, the capital expenditure (CAPEX) and depreciation ratio was 181.6%, which means that the investments in fixed assets covered the depreciated fixed assets. Thus, we can talk about an investment process only between 2015 and 2017, given that this report was subunitary in 2013-2014.

“For the wholesale of wood, construction materials and sanitary equipment sector, 2018 was the maximum in terms of the number of companies that recorded payment incidents (among companies with turnover > EUR 1 MIL) , but also in terms of the number of incidents. Similarly to other sectors, it is worrying that although the number of companies with debt to the State Budget increased very little in 2018 (probably due to the thresholds introduced by ANAF), their value remained very high, but slightly below 2017. On the other hand, lawsuits against companies in the sector have been kept at a low level, which may indicate that discipline of the companies is maintained in their relations with the partners, also supported by improved activity indicators (receivables collection days and debt payments) recorded in 2017” Nicoleta Mărunțelu, Coface economic analyst, said.

Of the total of 7,035 active companies in 2017, Coface analysed 770 companies (approximately 11%), which account for 64% of consolidated turnover in the sector. In this context, 47% of companies are classified by Coface as low-risk companies with ratings ranging from 6 to 10, while at the opposite pole, with high-risk (rating 1 to 3) there are 8% of companies.

We invite you to find out more information related to the Wholesale Trade of Wood, Construction Materials and Sanitary Equipment in the enclosed Coface Survey and Infographics or on www.coface.ro.

CONTACT MEDIA

Andreea BUCUR - T. 0374 670 720 – andreea.bucur@coface.com

Coface: for trade - Building business together

70 years of experience and the most finely meshed network have made Coface a reference in credit insurance, risk management and the global economy. With the ambition to become the most agile global trade credit insurance partner in the industry, Coface's experts work to the beat of the world economy, supporting 50,000 clients in building successful, growing and dynamic businesses. The Group's services and solutions protect and help companies take credit decisions to improve their ability to sell on both their domestic and export markets. In 2018, Coface employed ~4,100 people and registered turnover of €1.4 billion

www.coface.com

COFACE SA. is listed on Compartment A of Euronext Paris
ISIN Code: FR0010667147 / Mnemonic: COFA

