

Bucharest, 17 December 2018

Wholesale of metals and metallic ores: 50% of companies have a high insolvency risk

Strengths:

- **Increasing the profitability of the sector from 1.3% in 2015 to 2.8% in 2016**
- **Decrease by approximately 46% of the number of companies with debts to the State Budget in 2017**
- **73% of companies obtain profit, and 13% of them have a net profit of over 20%**

Vulnerabilities:

- **Over half of the companies from the sector have an above-average insolvency risk**
- **Increased polarization regarding the turnover achieved by Top 10% of the players (over 84% in the entire analyzed period)**
- **Increasing number of lawsuits against companies in the sector in 2017**

For this analysis we gathered the data of 770 companies which submitted their financial data for 2016 and generated a consolidated turnover of 5.79 B RON. The companies from the sector of wholesale of metals and metallic ores registered in 2016 a negative evolution of revenues, which decreased by 8% compared to 2015, although the number of the companies from the sector increased by 4%.

Out of the total of 770 companies that were active in 2016, Coface analyzed 220, approximately 28.5%, but those companies had a weight of 68% on sector level. In this context, most of them, 50%, are classified by Coface as companies with medium-high risk. At the extremes there are, with 11%, companies with high insolvency risk, and 30% with low risk.

“Although the consolidated profitability of the sector increased, for half of the companies the net result decreased. Moreover, the high indebtedness affects over 40% of the companies, and the low liquidity has negative effects on one in four companies. These are worrying signs regarding the evolution of the companies from this sector, given that half of them have an above-average insolvency risk”, Alexandru Fotia, Senior Financial Analyst, Coface Romania, said.

At the same time, in 2017, compared to the previous year, the number of lawsuits against the companies from the sector increased. The lowest number of lawsuits was in 2008 (before the crisis) one year later it increased by 2.2 times, and the highest number was in 2012. An important aspect is that the number of payment summons tends to stabilize under 5 a year since 2014, and evolved in the same direction with the number of foreclosure (except for 2017).



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

“Regarding the sector of wholesale of metals and metallic ores, there are both positive and negative aspects regarding the payment behavior. 2017 was the maximum level both regarding the number of companies with payment incidents - among companies whose turnover is over 1 M EUR - and regarding the number of incidents, which was much higher than in the previous years. At the same time, there was an intensification of lawsuits against companies from the analyzed sector in 2017, after 5 years in which these lawsuits were decreased, between 2012 and 2016”, Nicoleta Maruntelu, Senior Financial Analyst, Coface Romania, said.

Price increase in the metallurgic and metallic ore industry

The evolution of prices in the metallurgic industry had an ascending trend, and increased by over 14% compared to 2015, in June this year.

The export of common metals and metallic items was higher in the latest 6 years than imports, and created a positive commercial balance. Both imports and exports were predominantly with European Union member states.

MEDIA CONTACT

Claudia POPA - T. 0374 670 780 - claudia.popa@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 2017, Coface employed ~4,100 people in 100 countries and registered turnover of €1.4 billion.

www.coface.com

COFACE SA. is listed on Euronext Paris – Compartment A
ISIN: FR0010667147 / Ticker: COFA

