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we show you the way

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The Construction Industry in Central and Eastern Europe

Bucharest, May 19th 2014

Interconnection Delivers Data for Company Decisions



- Interconnection is the leading institute for market data in the construction industry.
- Our studies support the leading companies in defining targets, and marketing strategies, including competition monitoring and control of marketing actions.
- Interconnection draws its Know-how from over 100 international market studies per year and a number of Ad-hoc studies in the construction industry.
- Next to market data we offer for the energy branch Ad-hoc studies in the field of distribution analyses, pricing, market entry strategies, customer satisfaction, image analyses etc.
- Our Consultant supports companies also when it comes to translating data into actions, i.e. the development of marketing strategies.

Annually Conducted Market Analysis on...

- Glass in Interior
- Windows
- Exterior Doors
- Facades
- Partion Systems
- Floor Coverings
- Interior Doors
- **Construction Environment**
- Ventilation Systems
- Heat Pumps
- Sun Screen Protection
- Roof Tiles

IC Building Forecast[®]

| | | | | | |
|----------|---------|----------------|----------|-------------|-----------|
| Austria | Germany | Switzerland | France | Netherlands | Belgium |
| Norway | Sweden | Finland | Denmark | UK | Spain |
| Portugal | Italy | Czech Republic | Slovenia | Slovakia | Hungary |
| Croatia | Bosnia | Bulgaria | Estonia | Latvia | Lithuania |
| Greece | Serbia | Turkey | Ukraine | Romania | Russia |



| Residential | | |
|----------------------|----------------------|------------|
| Building Permits | Building Copletions | Renovation |
| 1+2 Family Dwellings | 1+2 Family Dwellings | |
| Flats | Flats | |

| Non-Residential | |
|----------------------|----------------------|
| Building Completions | |
| Office Buildings | Industrial Buildings |
| Commercial Buildings | Other Buildings |

For all represented segments we show the total market as well as a forecast up to 2014.

- Residential building permits in dwellings
- Residential building completions in dwellings and Value in Mio. EUR
- Non-Residential building completions in 1.000 m² and Value in Mio. EUR

The Construction Market in Central and Eastern Europe

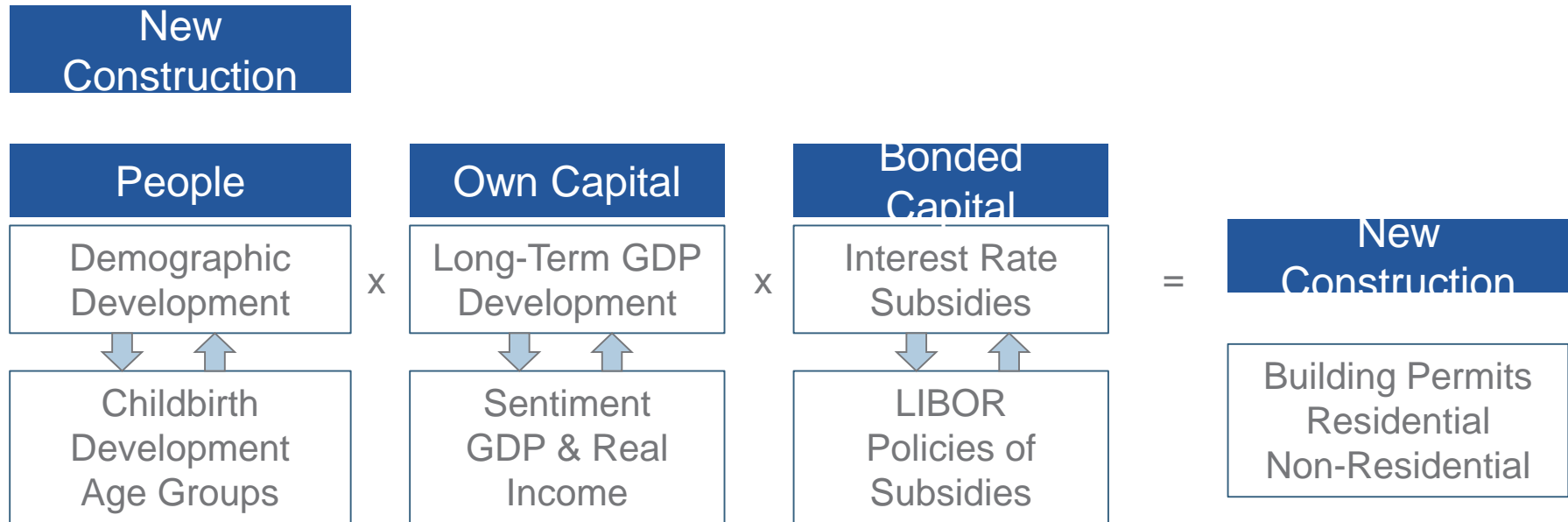
Economic Indicators

Residential Sector

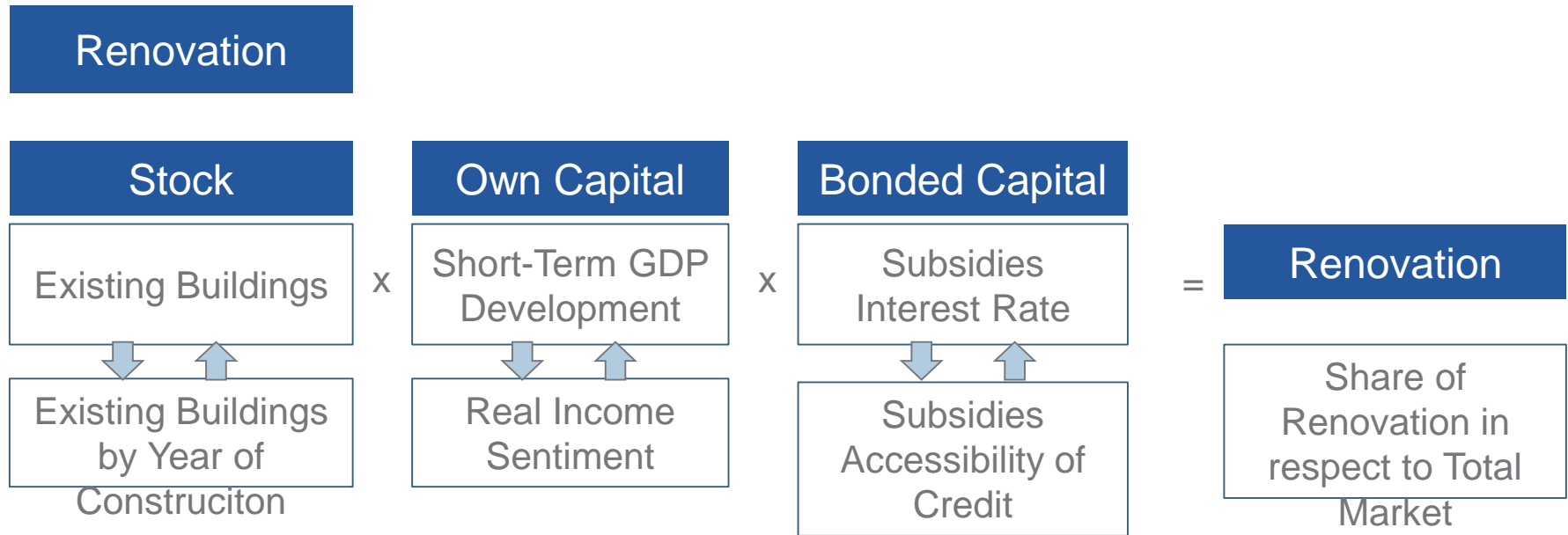
Non-Residential Sector

Summary

Money, Mood & the People Determine the Market Development

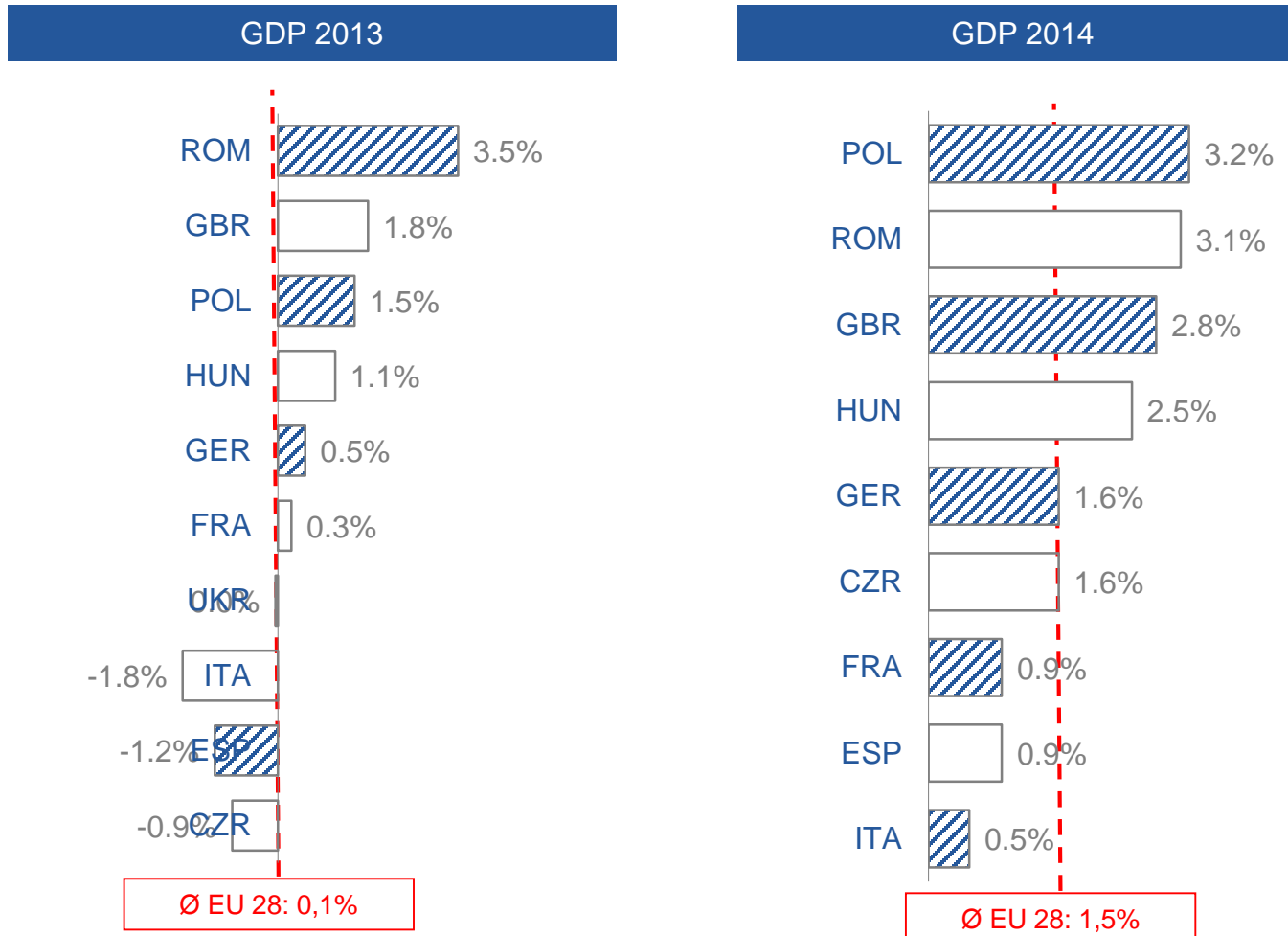


Renovation Depends on the Money Available



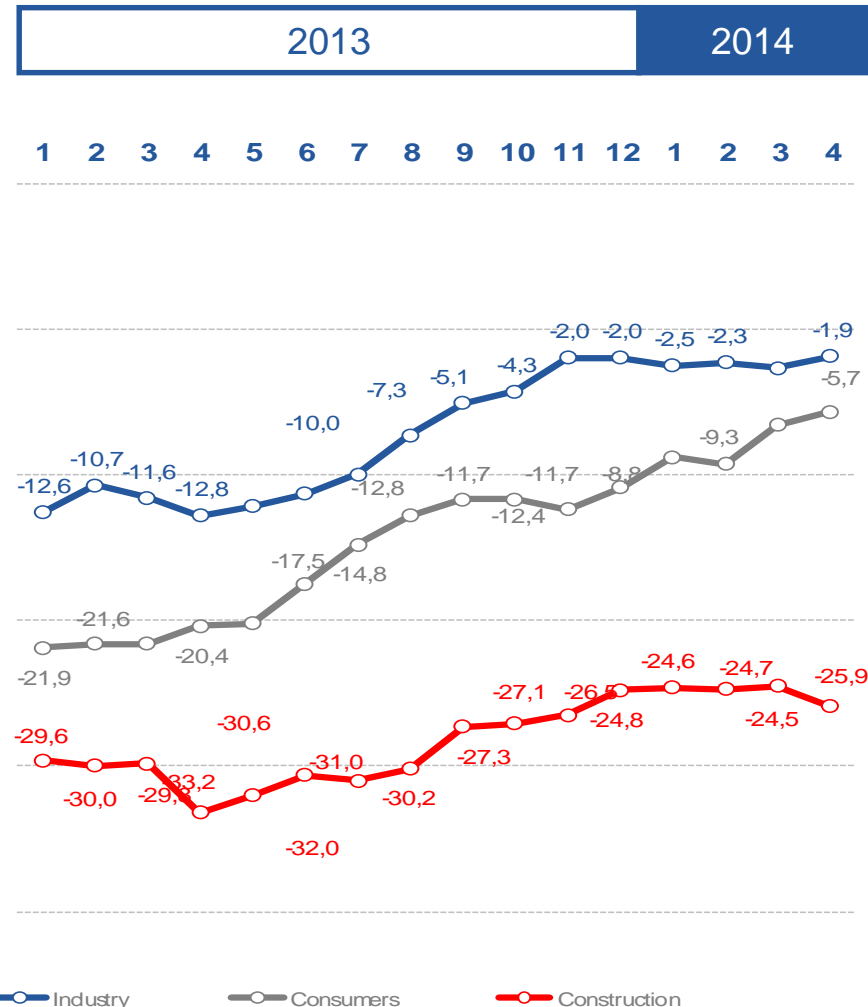
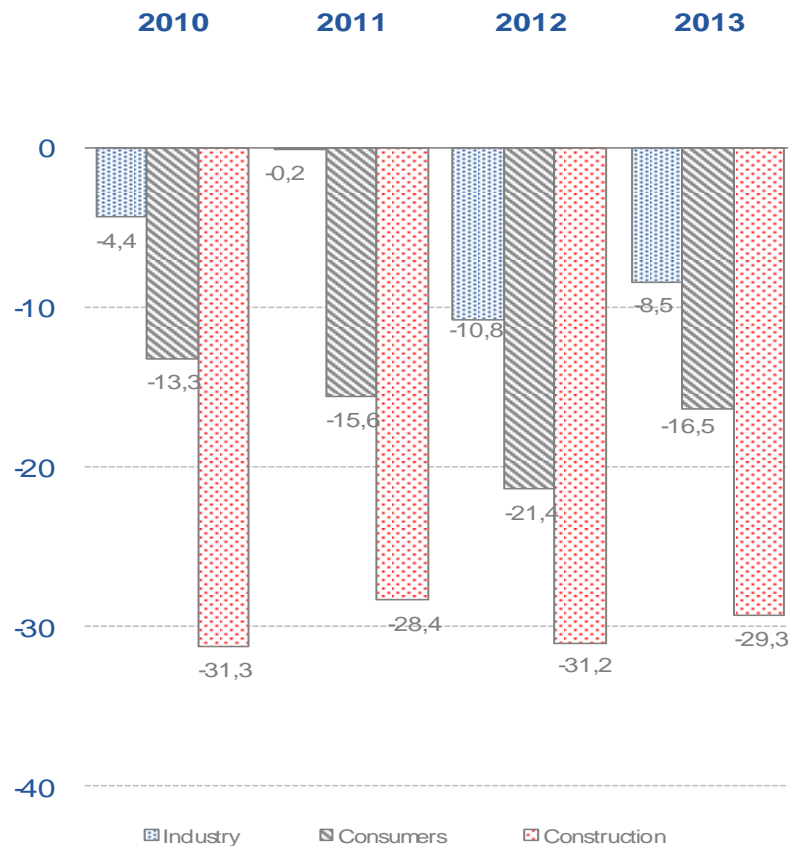
European Countries Finally Return to Growth

GDP--Growth: Comparison of WEU & CEE 2013/14 ; in %



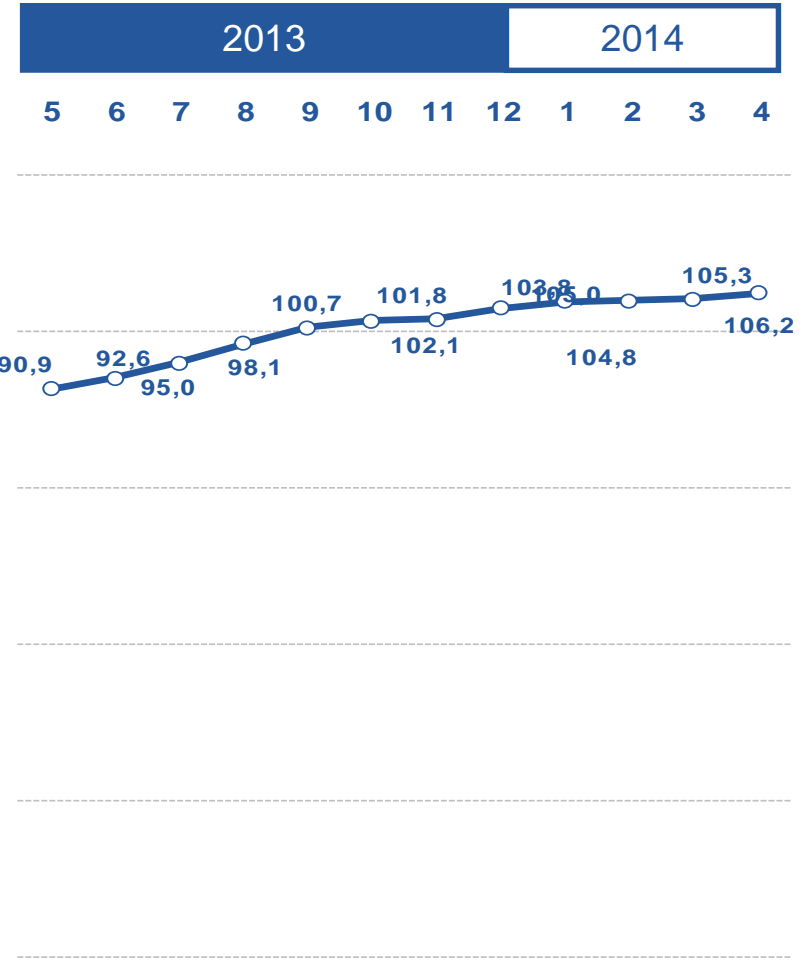
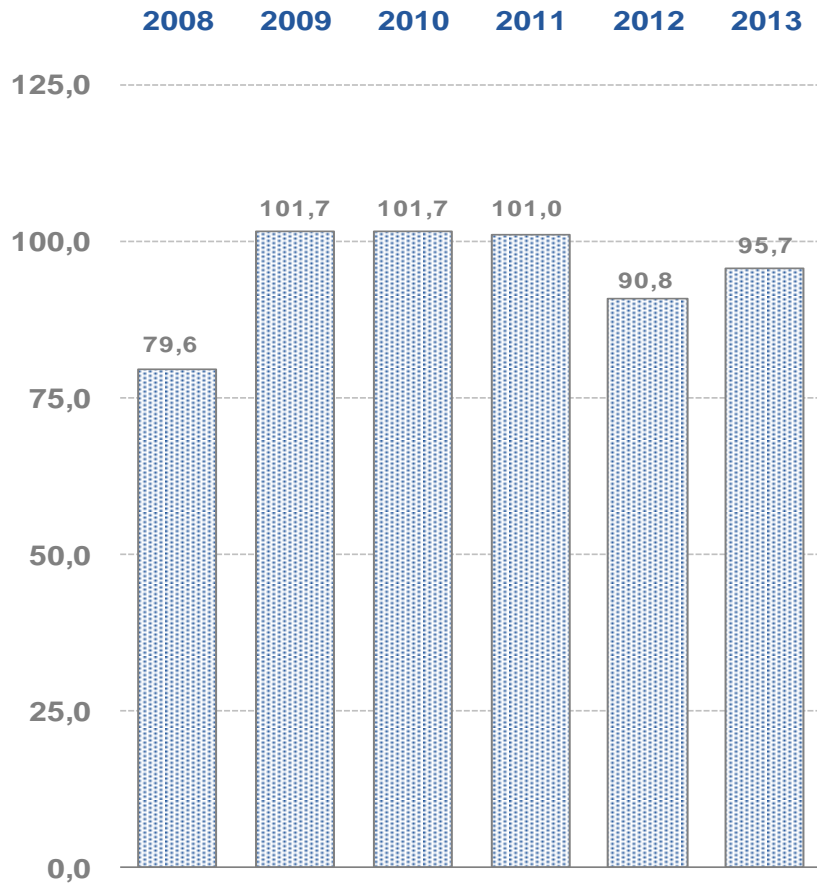
Construction Confidence Remains Negative

EU: Indicators of Confidence



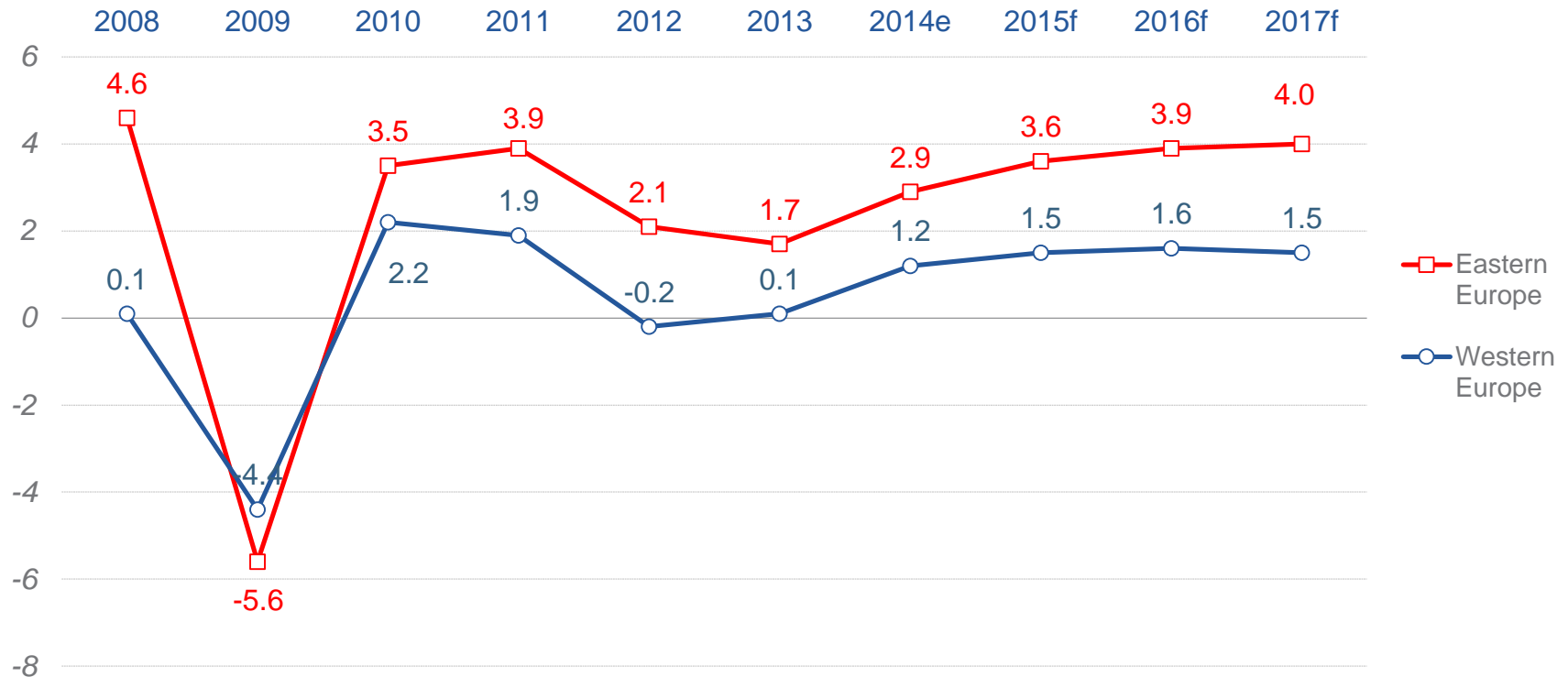
Sentiment Is Slowly Rising

EU: Sentiment Indicator



Eastern Europe Doing Better than the West

GDP Annual Change in %



Western Europe: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK

Eastern Europe: Azerbaijan, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kazakhstan, Lithuania, Latvia, Macedonia, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine, Uzbekistan

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Economic Indicators

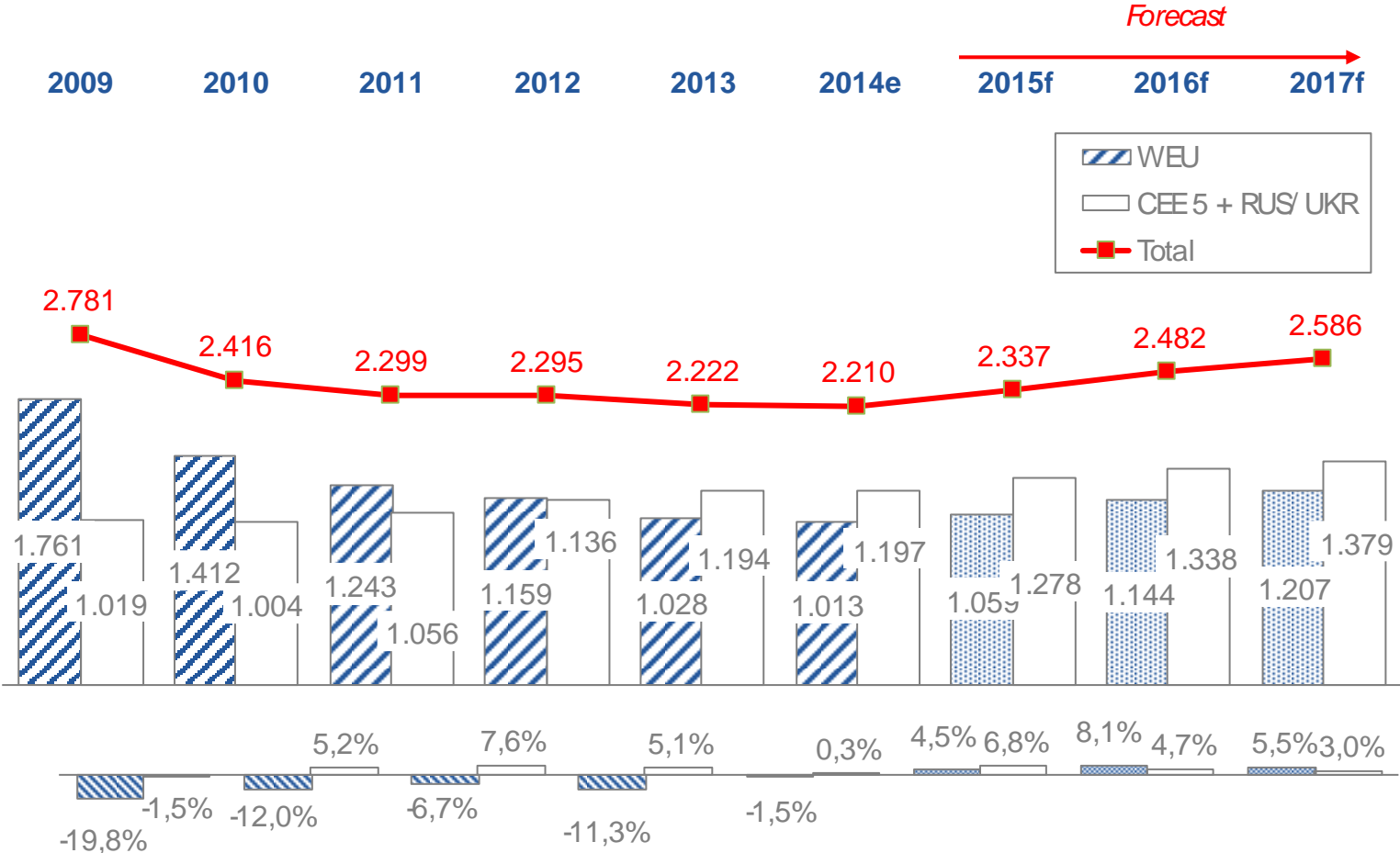
Residential Sector

Non-Residential Sector

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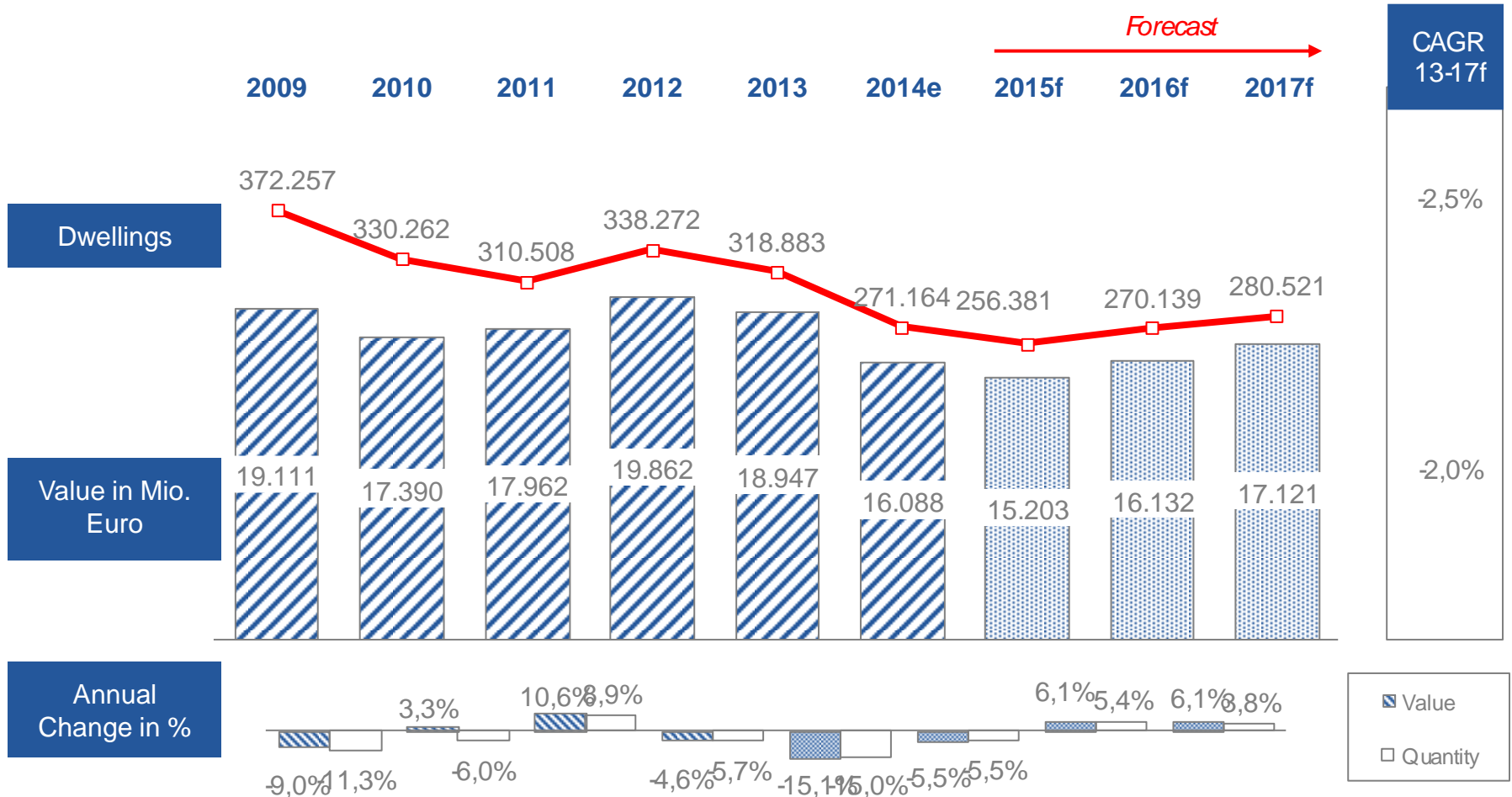
Russia Boosts Development in Eastern Europe...

Residential Sector: *Building Completions* Western vs. Eastern Europe 2008 – 2015f in 1.000 Units



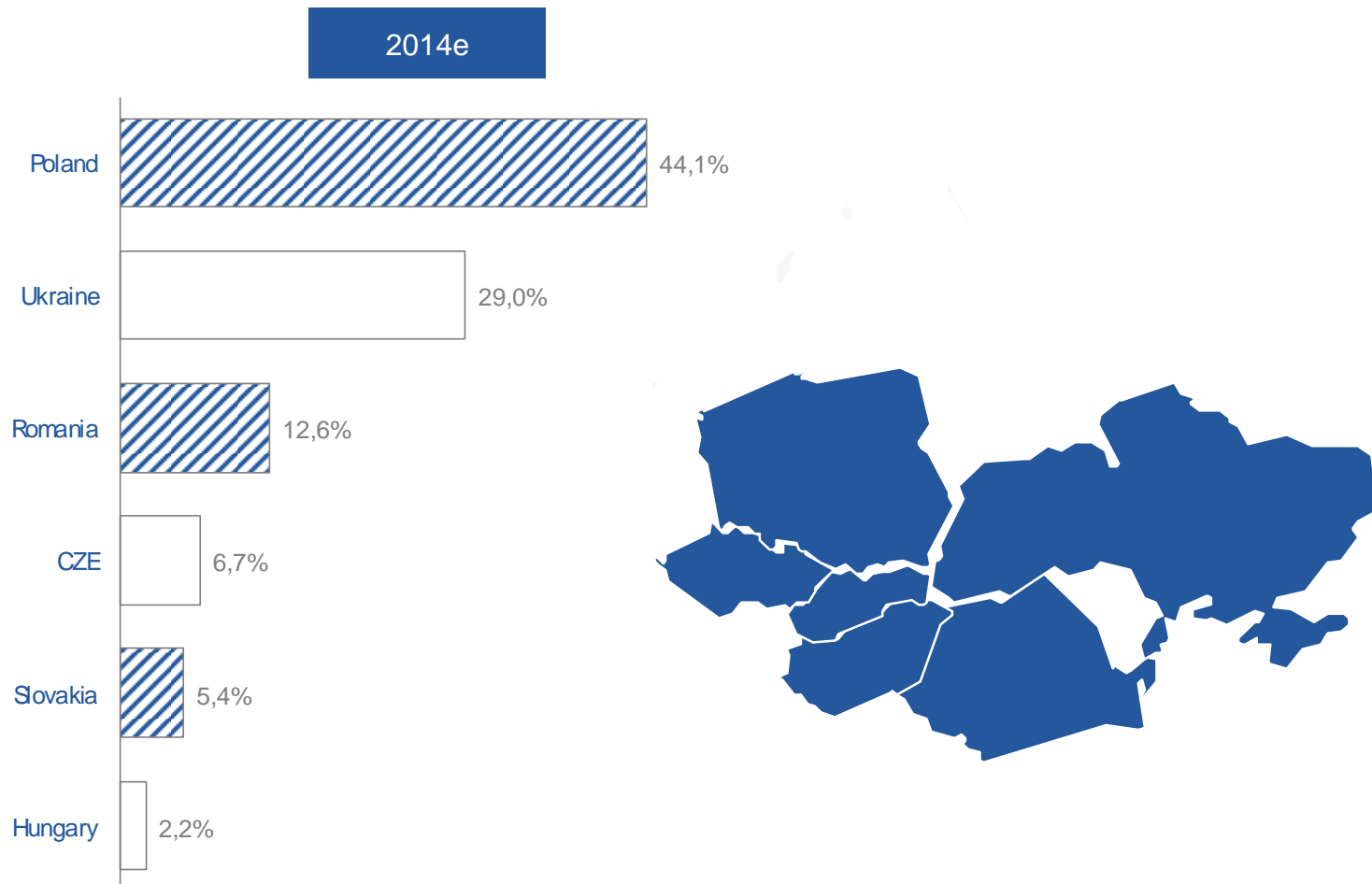
No Lightning Up Before 2016

Residential Sector: *Building Completions CEE 6* 2009 – 2017f in Units



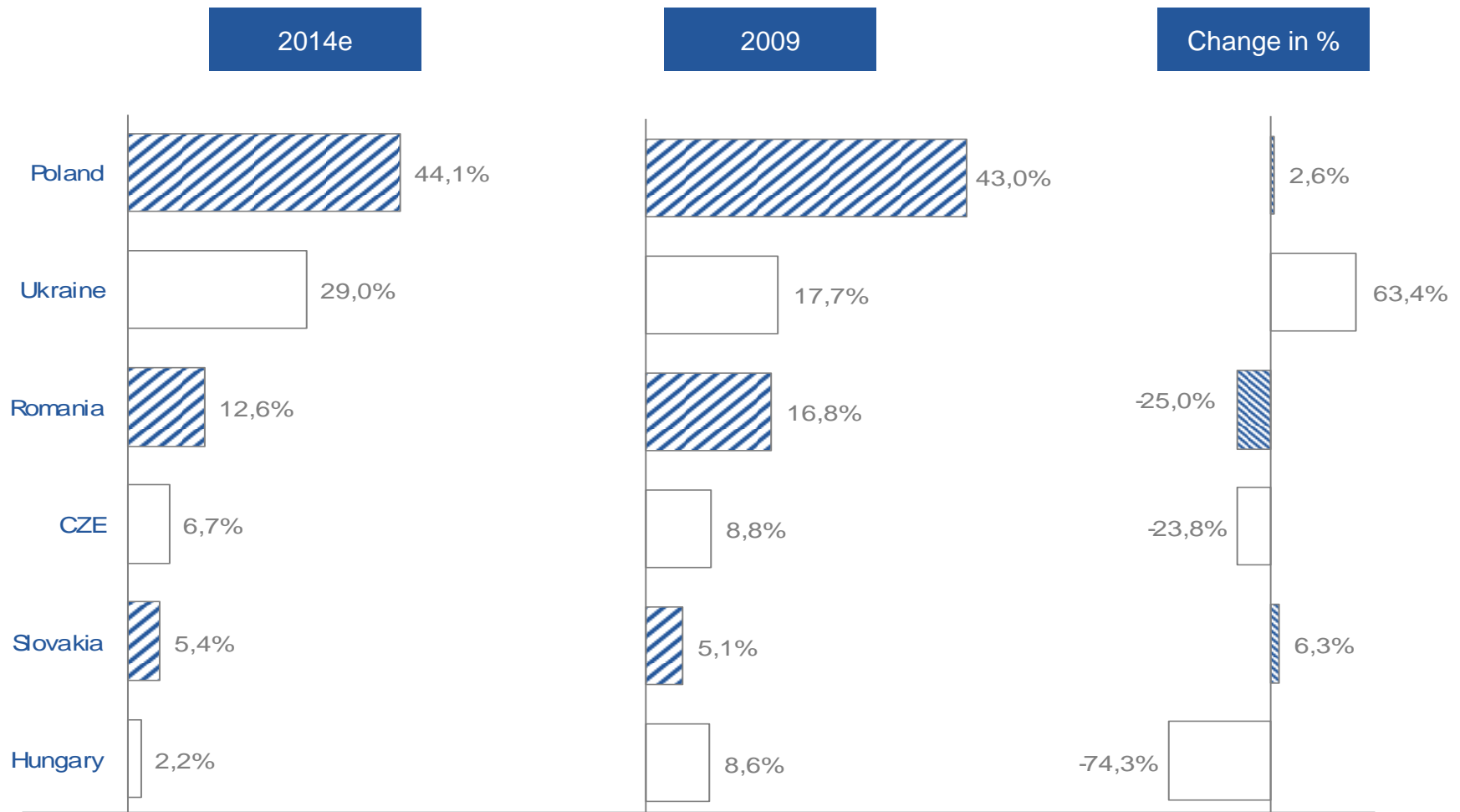
Poland Accounts for Almost Half of the Market

Residential Sector: *Building Completions CEE 6*; Market Shares in Terms of Quantity



Hungary Witnesses Biggest Decrease

Residential Sector: *Building Completions* 2014e vs. 2009; Market Shares in Terms of Quantity



The Construction Market in Central and Eastern Europe

Economic Indicators

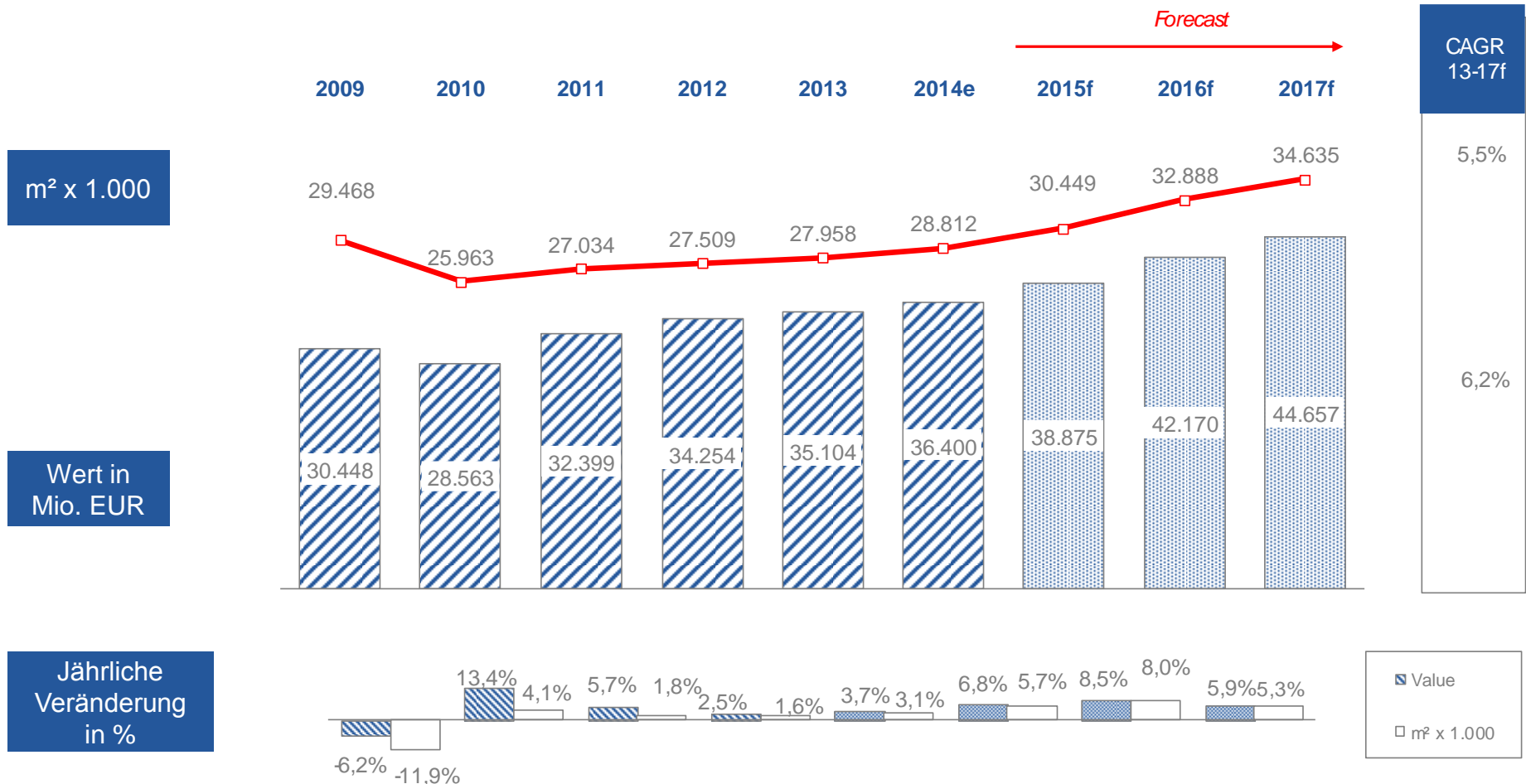
Residential Sector

Non-Residential Sector

Summary

Non-Residential Sector Doing Better

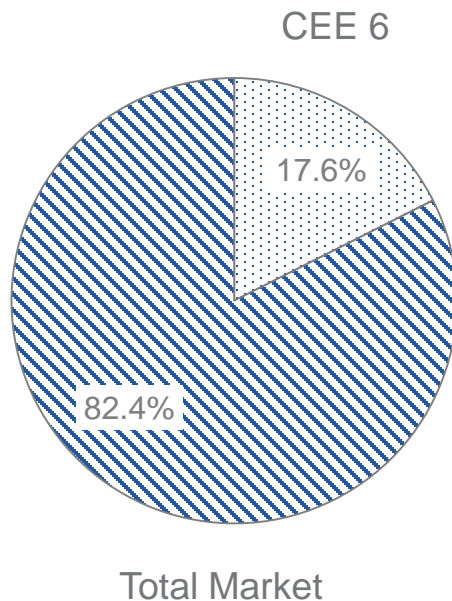
Non-Residential: Building Completions in CEE 6 2009 – 2017f; Value in Mio. EUR, Quantity in 1.000 x m²



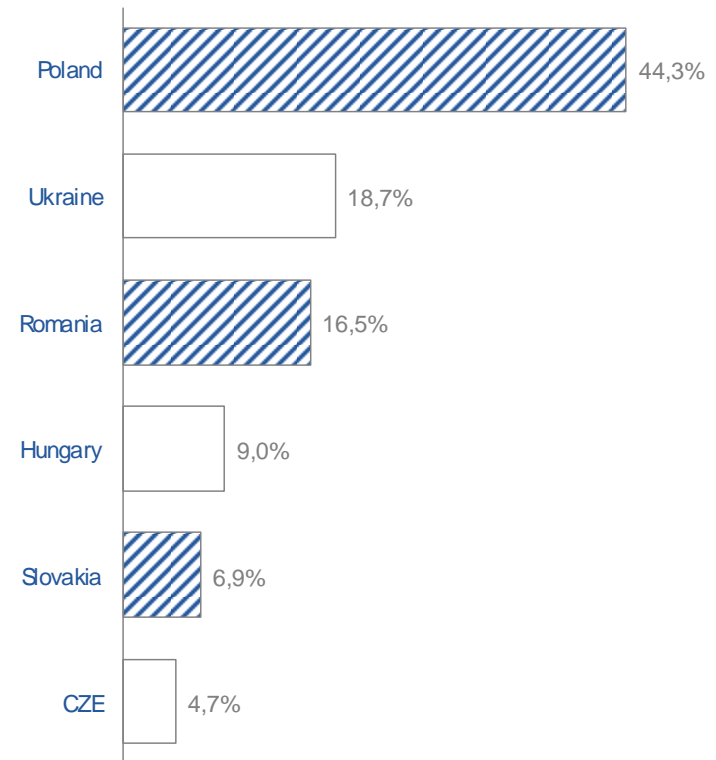
CEE 6 Accounts for 17,6% of Total Europe

Non-Residential Sector: *Building Completions Total Market vs. CEE 6*; Market Shares in Terms of Quantity

2014e



2014e



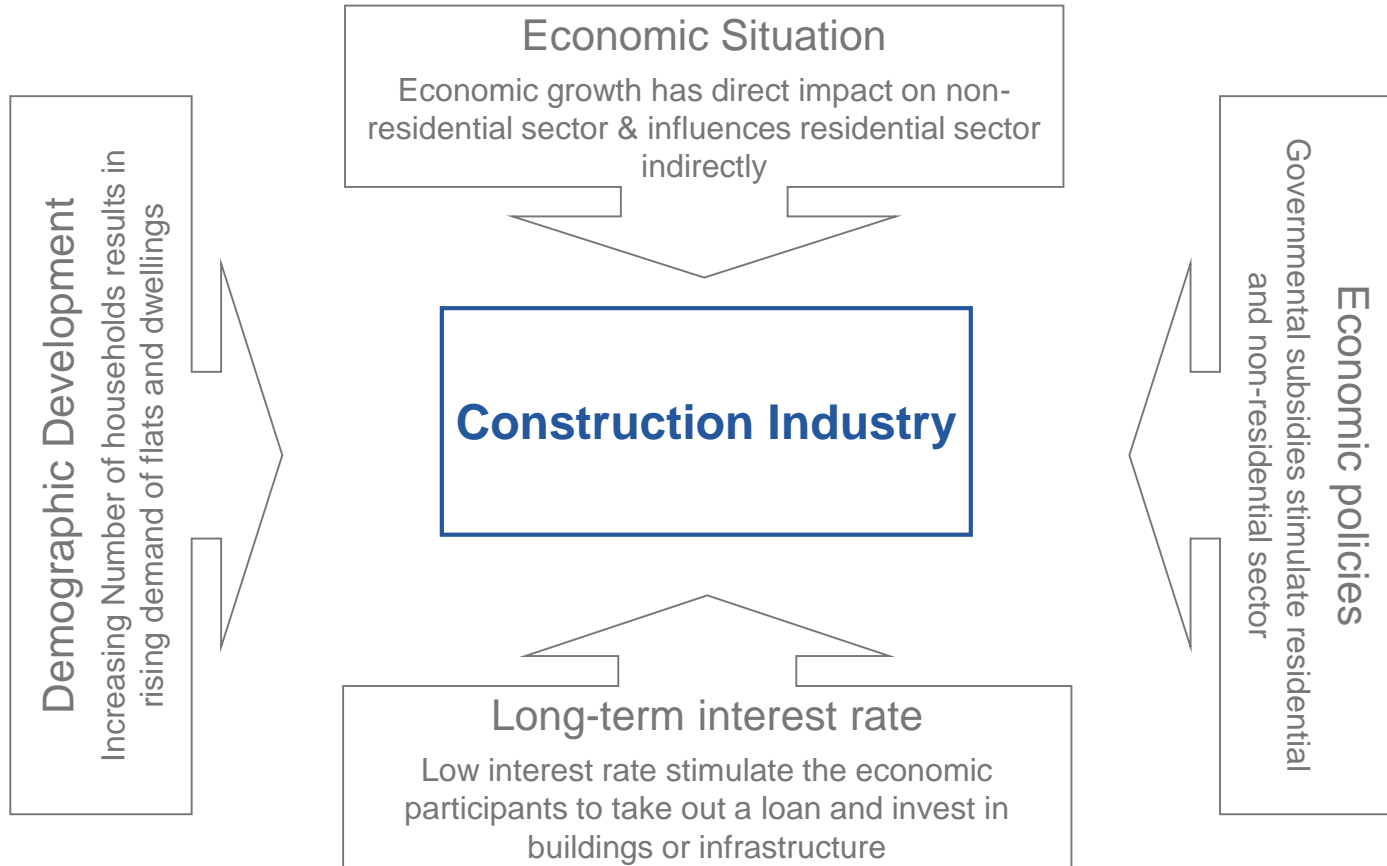
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Residential Sector

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Summary



Summary – Economic Background

- Growth Returns to Eurozone, but Returns Slowly
 - Money is Cheap and it's Looking for Investment Possibility → Real Estate
 - Non-Residential Recovers Faster than Residential Sector
 - Risks Remains, but seem Under Control. Central Bank is acting on behalf of Politics.
- What is Missing: A Vision of the Big Picture.

For further questions
please do not hesitate to contact us!

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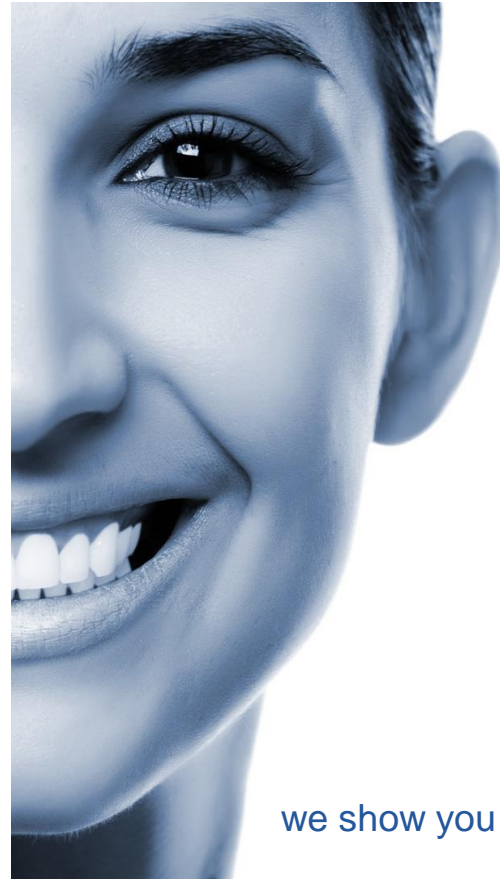
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