

Steel Structure Industry in Poland

Kyiv 15-06-2015

Marcin Garus short presentation

- acting in steel structure business more than **15** years
- Business area: Poland, Germany, Scandinavia
- previous business position: **President** of MOSTOSTAL CHOJNICE (1999 – 2014 year)
- Member of supervisory board of **PIKS** (Polish Chamber of Steel Construction) since 2008

Clients & Orders in Poland

- **Type of potential clients:**
 - Polish General Contractors
 - Big Polish steel producers

- **Type of steel structure:**
 - Building structure
 - Bridges
 - Others (cranes, machines parts ect.)



Orders project by project no Frame Agreement solution

*Public **tenders** requirement is describe later*

Schema for cooperation

Typical commercial terms of polish steel structure projects:

- Payment 30 days after delivery
- Advance payment possible but rarely and need to be covered by bank/insurance bond
- Performance bond (10%) required occasionally
- Warranty period 5 years, warranty bond is always required 5% or 10% if not money is kept by Client for 5 years
- Liquidation penalties 0,5%-2,0% per week for delay, max up to 20% of contract Value
- Depends on project special quality book required
- Contract language polish or english, russian is not any more used
- Duty taxes 0%, VAT 0% for export to Poland

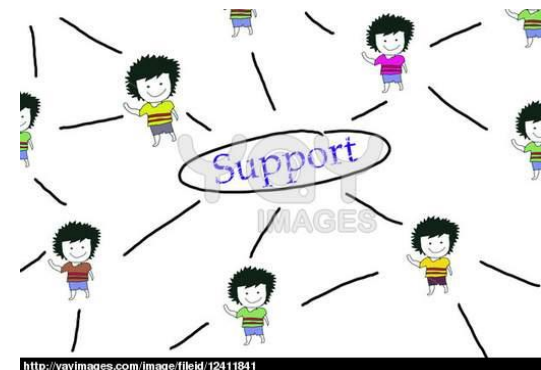


Mainly all polish client can be insurance at special insurance company as Gerling, Hermes, Allianz ect.

Each contract is subject for negotiations beetwen the Parties

Selling process

- Receiving the orders in steel structure business is subject to **personal relations**
- **THE BEST** reference is project finalized in good quality according to agreed delivery dates failure in quality or delivery is no acceptance !!!
- Usually final negotiations to receive the project shall be made at client office
- Usually client is making quality audit before final order
- Time of reaction: time for offer preparing, implementation of the drawing changes ect.
- internet pages, mailing, visiting the seminaria
ect is only helping
- **GOOD REFERENCE IS THE BEST**



Competition in steel structure business in Poland



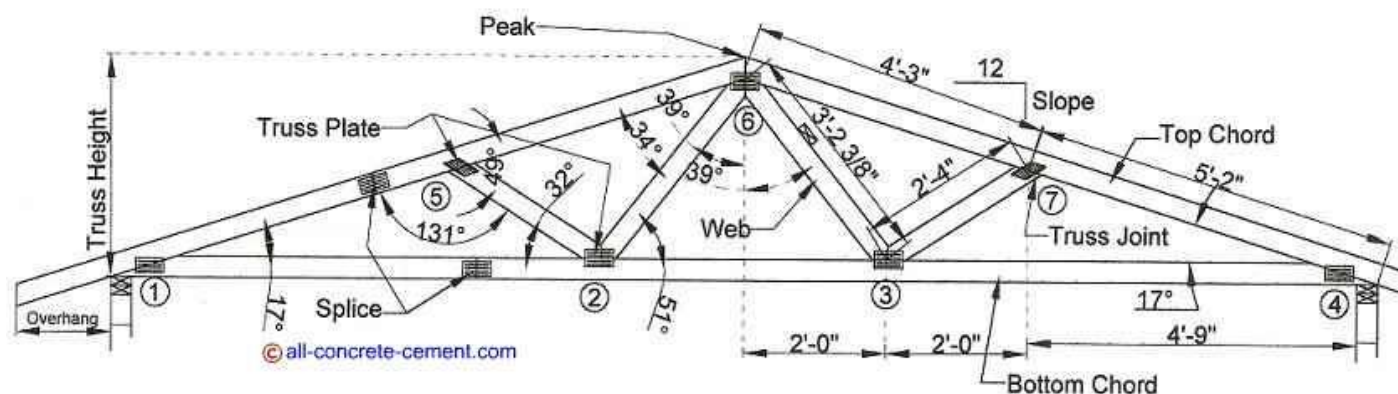
- **Strong domestic** polish – polish competition due to strong investment in last 6-8 years (due to previous investment capacity has increased ca 50%)
- Poland traditionally export 60%-75% mainly to EU it create also necessity to compete with:
 - Czech, Slovakia, Hungary (similar quality and price level)
 - Low cost european country (Romania, Bulgaria, Croatia, Serbia)
 - Time to time with China competitors (but logistic cost and time of delivery are barriers)
 - In last 5-7 years margin drop from 10% (booming time) to 3-5% today.
 - Turnover keep the similar level around 1 million tones per year.

Technical aspects of projects

- Plates grade: typical S235JR, S355J2 + N
- profiles HEA/ HEB 120 up to 800, IPE 160 up to 300, angles 40x40, 50x50, 60x60, 65x65, 80x80, 100x100, square tubes 80x80, 100x100, 120x120
- ALL STEEL MATERIAL according to EN 10025, EN 10217, EN 10219, EN 10210, EN 10204
- Paint needed from: SIKA, HEMPEL, PPG, TEKNOS, INTERNATIONAL
- Drawings in autocad, Bocad, Tekla, Mechanic
- Norms fully integrated with UE (only France have some small barrier)
- Quality book for each project: depend on project requirements (as built documentations also)
- Certificates IS 9000 very usefull, ISO 14000 and ISO 18000 mainly for offshore projects
- Certificates 1090 REQUIRED ALWAYS: welding department as independent, Quality Department as independent
- For some projects additional requirements for reporting



Technical aspects of projects



Typical technical scope of polish steel structure projects:

- Workshop drawing delivered by Client
- Purchasing of steel material, prefabrication, final inspection, painting/hot deep galvanizing, loading on truck, delivery to Poland (FCA base)
- Delivery in 6 weeks for building structure, bridge structure 8-12 weeks
- Often Client is sending permanent inspector to additional control

Each project have different specification project by project requirements

Example of polish firm expansion on EU market

Example of POLIMEX MOSTOSTAL and VISTAL

- POLIMEX MOSTOSTAL has started as subcontractor for EU market in beginning of 1990
- After receiving good reference and built good reputation after 10 years of cooperation POLIMEX MOSTOSTAL has started to be on public tender
- POLIMEX was successfull with some building tenders and road construction



- VISTAL has started as subcontractor for EU market in beginning of 2000
- After receiving good reference and built good reputation after 5 years of cooperation VISTAL has started to be on public tender
- VISTAL was successfull in special, complicated bridge project mainly in Scandinavia



Germany, Scandinavia and offshore projects

- Germany more restrictive than Poland, hard financial terms in the contract, strong inspection made by client
- Scandinavia contracts terms acceptable, strong focus on quality and ethics of business (no racism, no sexual Prejudice, no religion Prejudice ect.)
- offshore business (oil and gas platforms, machines for drilling ect) localized in Norway (client: AKER, AIBEL)
 - Extremely focused on HSE (Healthy Safety and Environment)
 - Required ISO 14000, ISO 18000
 - Extremely focused on delivery accuracy
 - Extremely focused on the highest quality



Public Tender Requirements

- Polish public tender is General Contractor jobs type
 - Bidder shall fulfill formal/law regulations
 - Contracts are not negotiable, have to be financed by bidders,
 - References are main verification key factor, price is usually 80-90% of criteria
 - Performance bond 10% required, Warranty period 5 years 5-10% project value
 - Payment usually after finishing some part of the job
 - Liquidation penalties accounted from whole value of the tender
- Type of the tenders:
 - design and build
 - Build according to specification but always make some adoptions to polish local technical regulations
 - Electrical auction



OFERTA
PÚBLICA
/
PUBLIC
TENDER

Rita McBride

EXAMPLE OF FAILURE CHINE'S COMPANIES in year 2012-2014

Public tender required very strong financial situation and also ability to create local consortium

Private and Public Partnership PPP

- For companies which like to invest own money Polish government has some special regulations:
 - Special program: design & build for own capital and renting for long period to government

Mainly for: infrastructure investment (highways), medicine treatment (hospitals), waste incineration plant, green energy, public used buildings

Supported by Polish National Bank „Bank Gospodarstwa Krajowego”

More details:

<http://www.centrum-ppp.pl/start,2>

<https://www.ppp.gov.pl/Strony/home.aspx>



Future cooperation

- How to establish future regulation/ cooperation with Marcin Garus?
 - Via USCC? Directly with companies?



Any questions? Ideas?



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