

SOLID FOUNDATIONS

KÉSZ group is the largest entirely Hungarian owned construction company within the country. In the past three years, the company has further strengthened its market position by winning significant tenders to complete the most important strategic construction developments in Hungary. Edina Beale reports.

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In 1982 Mr Mihály Varga, the present owner and chief executive of the KÉSZ group, established a small business to construct specialist storage facilities for agricultural products and to build fuel stations. In the early 90s, when Hungary opened its businesses to foreign markets, KÉSZ began to operate as a limited company and quickly adjusted its operations to keep up with foreign investors and to offer services that were being demanded by the new partners. The company was the first Hungarian construction firm to serve American, Korean and companies in the Far East in addition to supplying the needs of German and Dutch firms.

Diversified portfolio

Over the next decade, the company's core construction activity was continuously extended and expanded. The developing business began to manufacture and assemble steel structures and produce

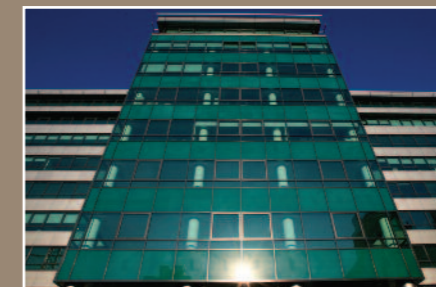
metal sheets in the KÉSZ Industrial Park in Kecskemét. Soon after this, it started to produce electric switchboards and explored new opportunities in the property development market. In 2005 KÉSZ group was one of the first companies to get involved in fledgling PPP projects in Hungary enabling it to become a leader in this field. The company won numerous tenders to take part in the construction of public buildings, colleges, sports arenas, educational institutions and hospitals, which enabled the KÉSZ group to close the year 2007 with a record turnover of HUF 70 billion.

Due to its diversified activities the company went through a restructuring process in 2007 and established KÉSZ Holding Zrt to manage the nearly 40 subsidiaries belonging to the group. A strategic transformation began in 2008, when activities were separated into three separate areas. KÉSZ Building and Construction became responsible for providing solutions for construction

contracts, assembly and design services and KÉSZ Industrial Manufacture was established to be engaged in all manufacturing activities including the production of steel structures and electrical products. The third division is KÉSZ Property Management which has continued to specialize in property development.

Key player

Owing to its stable background the KÉSZ group has fought to maintain its position through the recession in 2008 and 2009. The company had managed to retain most of its 1000 staff and has continued to play a major role in the Hungarian construction industry. "Since 2007 the KÉSZ group has been an integral player in all the important strategic investments in Hungary," says marketing and communication manager of the KÉSZ Group, Mr Marcell Pintyőke. The impressive array of projects started off with the full reconstruction of the leading >



Hungarian steelworks, Dunaferr, in Dunaújváros. In 2008 KÉSZ also won the tender to complete the three-year reconstruction and development programme of the Ferihegy airport in Budapest. Then, in 2009, Mercedes selected the group to build the first and largest production facility in their newly established manufacturing plant in Kecskemét. “We are required to build a 30,000 m² varnishing facility and storage facility for car bodies and will provide steel structures and assembling services for many other buildings as part of this huge investment,” reveals Mr Pintyőke.

“Winning these contracts justifies our stable position in Hungary. We are among the leading players in the domestic market, but have also taken significant steps in the past years to acquire strong presence in foreign countries.” In 2001 KÉSZ set up subsidiaries in Ukraine and Romania, and in 2008 KÉSZ Bulgaria was established. Numerous projects have been completed by the group in the

Czech Republic, Slovakia, Austria and Poland and the company’s steel structures have been distributed to many countries all over the world including Dubai and the United States. “We are proud that we have managed to maintain our high quality standards in the foreign markets too. Our slogan is ‘Value in space’, meaning: no matter where we are – in which space and time – we are determined to provide the same high value of services for all our customers both in Hungary and abroad.”

Future objectives

In recent times, KÉSZ has recognised the need for change in the Hungarian building sector as a whole and volunteered to take on more responsibility in order to improve the way it operates. KÉSZ believes that construction companies in Hungary need to be organized into a group to create a sense of togetherness: “We are still working on this

process at present. In Hungary the construction industry is the largest employment section and produces the most revenue; therefore this sector should be very well organized,” explains Mr Pintyőke. “The idea is to concentrate the industry players into a group that purely focuses on the members and protects their interests. We also want to establish a joint innovation platform to assist the members to explore new development opportunities not only in Hungary but in Eastern and Centre Europe too.”

KÉSZ is optimistic about the future and confident about its abilities. “We see great prospects in the energy sector; where we have already acquired strong references and are planning new developments. The economy will start recovering slowly and manufacturers will start their businesses again. One thing is certain, there will always be demand for steel structures all over the world, and the KÉSZ group is able to supply these products in exceptional quality.” □

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