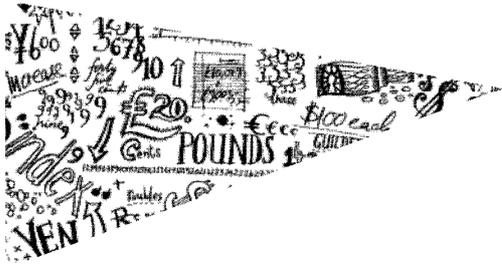


M&A Barometer Romania H1 2012



Ernst & Young M&A Barometer - H1 2012 edition captures the number and value of the Romanian market of mergers and acquisitions during H1 2012, emphasizing the prevailing trends in terms of most active industries, profile and country of origin of buyers.

Methodology: We summarized and analyzed publicly disclosed information accumulated from various databases, including DealWatch, mergemarket, Zephyr, and Romanian press.

We included in the analysis **private to private** transactions and excluded:

- ▶ Acquisitions of minority stakes below 15%
- ▶ Majority shareholder further acquisition of minority interest
- ▶ Real estate transactions (except for when target and/or buyer was a real estate company or real estate fund)
- ▶ Capital market transactions (except for transactions that resulted in a change of control)
- ▶ IPOs
- ▶ Acquisitions of licenses
- ▶ Joint venture agreements
- ▶ Greenfield investments
- ▶ Privatizations
- ▶ Internal reorganizations
- ▶ Cross border deals (value of these deals was ignored, but the number was counted in)

Romanian M&A Market in H1 2012

- ▶ During H1 2012 the Romanian M&A market experienced a slight increase in terms of number of closed deals: from 64 deals in H1 2011 to 67 deals in H1 2012. However, the size of the market increased significantly in value: 86% in terms of extrapolated¹ market value and 74% based on disclosed deal values in the analyzed period.
- ▶ After the 2010 and 2011 trend, when insolvent and distressed companies led the way in transactions, we saw an increasing number of transactions involving strong targets in H1 2012, indicating a growing confidence of investors in the Romanian economy. This assumption is also supported by the increase of 67% in the average deal size in H1 2012 versus H1 2011 and the completion of the largest transaction of the last two years: the acquisition of chemical fertilizer producer Azomures by Ameropa Holding.
- ▶ However, we can not interpret the current growth in M&A market deal value as the much awaited "come-back", as the upward trend is not expected to continue during the remaining of 2012. In the current context - persisting uncertainties of the Euro-zone and approaching parliamentary elections – most probably, investors and companies will increase caution in taking M&A decisions.

Outlook H2 2012

- ▶ At present, rumors of upcoming large transactions in 2012 envisage planned privatizations under IMF pressure. Given the short time by the end of 2012, the completion of these privatizations is uncertain.

¹ For computation of the extrapolated market value we used the average value for disclosed deals in H1 2012 and the total number of transactions, including non-disclosed ones and excluding cross-border deals.

M&A Barometer Romania H1 2012

Estimated market value for H1 2012

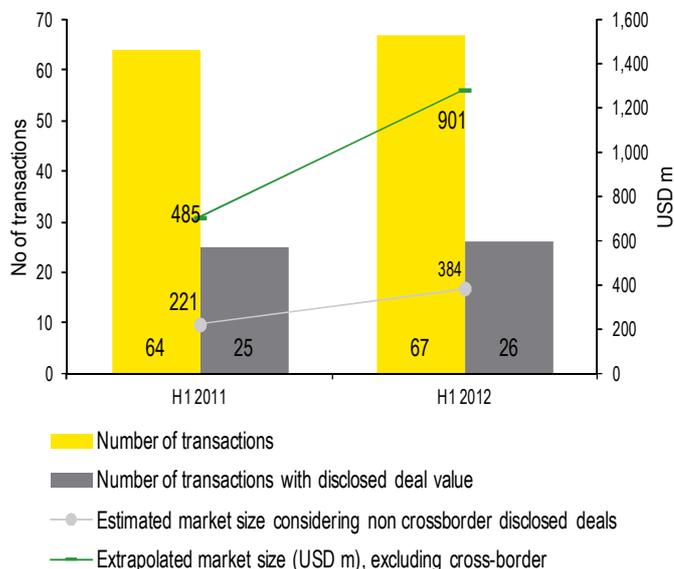
- ▶ Transaction value was disclosed only for 26 deals, resulting in a disclosure rate of 39%, similar with H1 2011.
- ▶ Total value of disclosed deals reached USD 384 million, showing an 74% increase compared with H1 2011, while the extrapolated market size reached USD 901 million (marking a 86% growth).
- ▶ This growth is largely explained by large individual deals like the acquisition of Prio Foods oil factory by Bunge, the deal of Metair Investments with Rombat or PineBridge Investments acquisition of MKB Romexterra Bank. For a list of the largest disclosed deals please see the table at page 3.
- ▶ H1 2012 registered 6 cross-border deals¹ involving Romanian targets, most notable being the acquisition of Sindan Pharma by Watson and the takeover by Molson Coors Brewing of Starbev.

Type of investors

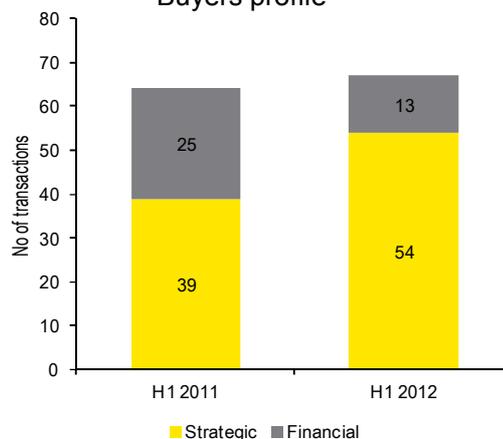
- ▶ The share of financial investors decreased from 39% in H1 2011 to 19% in H1 2012, signaling PEs difficulty in finding interesting Romanian targets to match their portfolios and their focus on selling overdue maturity investments.
- ▶ In H1 2012, the market is almost evenly shared between foreign and domestic investors, noticing a 9 pp increase of inbound investors weight in total investors population compared with H1 2011, indicating that foreign investors keep an eye on the Romanian market in search for appealing targets.
- ▶ Origination of inbound investments included USA (7 deals), Germany, Italy, United Kingdom, Spain, France and Switzerland (2 deals each). Germany, the traditional number one investor, was replaced by USA.
- ▶ During H1 2012 no outbound deals were completed, showing that companies are more focused on strengthening their local businesses.

¹ The value of cross-border deals was not accounted in the total size of the Romanian M&A market, a carve out of the Romanian assets not being possible.

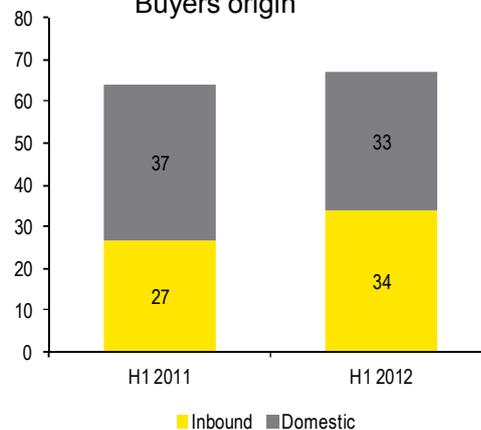
Romanian M&A market, number and values of completed deals



Buyers profile



Buyers origin



Sources : EY analysis, DealWatch, Zephyr

M&A Barometer Romania H1 2012

H1 2012 Sector focus

- ▶ In terms of disclosed deal value, Real Estate sector was the sector with the largest deals, followed by Food and Beverages, Manufacturing, Energy & Mining and Banking & Financial Services. These five sectors cover 87% of the total aggregated disclosed value of USD 383 million.
- ▶ In terms of sectors targeted, Services were the most attractive sector by number of deals, accounting for 8 deals in H1 2012. Other leading sectors included Retail & Wholesale (7 deals), Manufacturing (6), Telecom & media (6), and IT (5).

H1 2012 M&A in terms of sector

Sector	Aggregated disclosed values excluding cross-border deals (USD million)	Average disclosed values, excluding cross border deals (USD million)	No. of deals per sector, including cross-border deals	No. of cross-border deals
Real Estate	88.2	22.1	4	0
Food & Beverages	80.2	20.0	3	1
Manufacturing	78.3	19.6	6	0
Energy & Mining	45.2	22.6	4	0
Banking & Financial services	41.5	13.8	4	1
Telecom & Media	16.3	8.2	6	1
Services	11.5	2.9	8	0
Agricultural	9.0	4.5	3	0
Retail & Wholesale	7.2	2.4	7	1
Construction	6.4	3.2	2	0
Chemicals	0.0	n.a	4	1
IT	0.0	n.a	5	0
Pharmaceuticals & Health care	0.0	n.a	2	1
Transportation	0.0	n.a	3	0

Sources : EY analysis, DealWatch, Zephyr

Note :

Average disclosed values are not applicable (n.a.) for industries with undisclosed deal values.

2012 Outlook - Sector focus

- ▶ The Government negotiated with IMF on the sale of shares in Transgaz, Oltchim, Romgaz, Nuclearelectrica, Hidroelectrica, Tarom and CFR Marfa by the end of 2012. However, only Oltchim and Transgaz are in the cards to keep this deadline, according to Romanian press.
- ▶ **Agribusiness** (which gave the largest transaction of H1 2012 – Azomures with Ameropa) will continue to feed the M&A market in the medium run. Also, the announced transaction of Naspers acquiring eMAG in July (rumored to exceed EUR 100m) and the earlier transaction of Ringier buying eJobs show the potential of the **online sector**, expected to be confirmed during the remaining of 2012 and especially in 2013.

M&A Barometer Romania H1 2012

Estimated largest transaction in H1 2012

During H1 2012 the largest estimated deal was the takeover of Azomures (Romania's top producer of chemical fertilizers) by Ameropa Holding (Switzerland-based grain and fertilizer trading company). It is estimated by Ziarul Financiar that Ameropa could have paid between EUR 100m and EUR 275m (USD 134m – 365m) for the majority stake in Azomures.

Largest deals closed in H1 2012 (excluding cross-border deals)

Target company	Buyer company	Country of target	Deal Value (USDm)	Stake(%)
Oil Factory (Lehliu Gara) owned by Prio Foods	Bunge	Romania	65.6	100%
Rombat	Metair Investments	Romania	52.0	100%
Tractorul Industrial Area	Auchan	Romania	32.7	100%
MKB Romexterra Bank	PineBridge Investments	Romania	32.7	92%
Vulcan platform	Benevo	Romania	30.5	100%
Petrom LPG SA	Crimbo Gas International	Romania	25.2	100%
City Business Centre Timisoara	New Europe Property Investments plc	Romania	21.7	100%
Romaltyn Mining si Romaltyn Exploration	SAT & Company	Romania	20.0	100%
Ejobs.ro	Ringier Group	Romania	16.3	70%
Celrom	Alpha Construct Sistem	Romania	13.5	100%

Ernst & Young involvement in H1 2012 M&A market

Sources : EY analysis, DealWatch, Zephyr

Ernst & Young was involved in two major transactions: the acquisition of Azomures by Ameropa Holding and the takeover of a Wind project in Braila by GDF Suez Energy Romania.

Our dedicated M&A team

Our dedicated M&A team offers all services covering deal advisory, from Buy-side and Sell-side M&A to Capital and Debt advisory (dealing with equity and debt raising advisory). We are working closely with our customers and advise them on strategic decisions (disposals, acquisitions, finance raise), from inception until completion, undertaking the management of the entire transaction process and covering a full range of professional services (i.e. due diligence, valuation, business modeling, transaction support, transaction structuring, finance advisory).

European M&A Award

London, 18 January 2012: the mergermarket M&A league tables confirmed Ernst & Young as the number one provider of accountancy advice on M&A transactions across Europe during 2011.

Ernst & Young

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