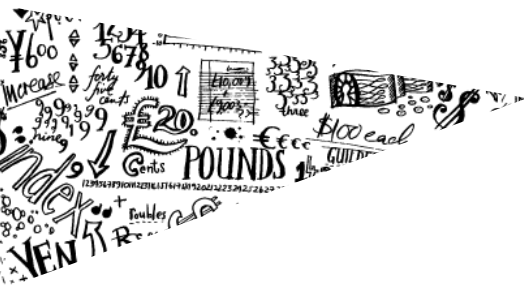


M&A Barometer Romania 2011



Methodology: Ernst & Young's M&A Barometer is a summary and analysis of publicly disclosed information accumulated from various databases, including DealWatch and Zephyr.

M&A activity and data includes private to private transactions and excludes:

- ▶ Acquisitions of minority stakes below 15% (versus 20%, in the previous issues),
- ▶ 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).



Introduction

- ▶ Our Barometer captures the number and value of the Romanian market of mergers and acquisitions during 2011, emphasizing the prevailing trends in terms of most active industries, profile and country of origin of buyers.
- ▶ During 2011 the Romanian M&A market experienced a slight increase of 5% in terms of number of closed deals (from 114 deals in 2010 to 120 deals in 2011). However, the size of the market decreased by 28% in terms of extrapolated sum of deal values compared with 46% based on disclosed deal values.
- ▶ The fact that the Romanian M&A market did not “come-back” during 2011 still reflects the significant gap between value expectations of sellers and buyers, as well as the financial tensions in the Euro-zone. Continuing the trend from 2010, insolvent and distressed companies led the way in transactions during 2011. The appetite for takeovers in 2011 was not as strong as envisaged due to the limited economic growth and a low consumer spending in 2011.

Outlook 2012

- ▶ M&A market is expected to record an upward trend in 2012, as long as economic recovery would materialize in Romania. At current times, rumors of upcoming large transactions in 2012 envisage planned privatizations under IMF pressure. However, we do not expect that such transactions would reach completion before the end of 2012.
- ▶ The largest transaction that is expected to be completed during 2012 would probably be the takeover of the Romanian agriculture fertilizer producer Azomures and of its subsidiary Chimpex by Ameropa, as well as the privatization of Cupru Min Abrud (copper mining industry) that is expected to conclude in spring 2012 via open auction.

M&A Barometer Romania 2011

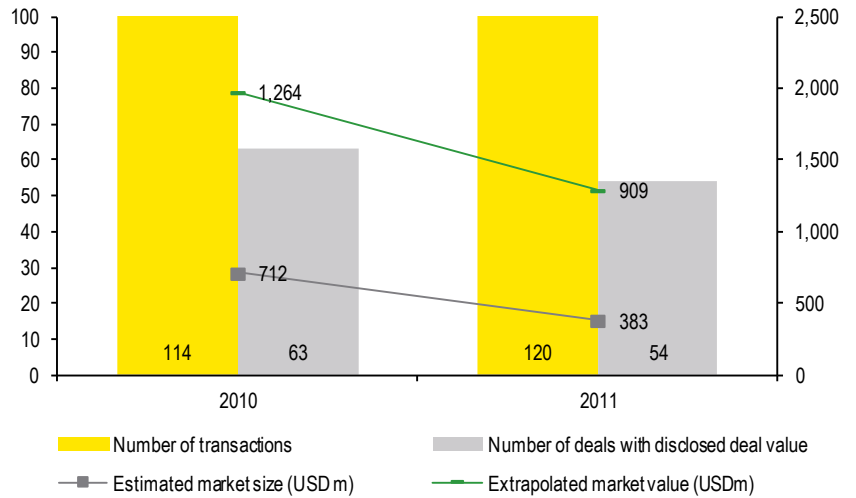
Estimated market value for 2011

- ▶ Based on our estimates using publicly available data, the extrapolated size of **M&A market in Romania decreased by approximately 28%** from USD 1,264 million in 2010 to USD 909 million in 2011.
- ▶ Transaction values were disclosed only for 54 deals, resulting in a disclosure rate of 45%, lower compared to last year (i.e. 55%).
- ▶ Total aggregated value of disclosed deals reached USD 383 million in 2011, a 46% drop as compared to USD 712 million during last year. This has also been influenced by a lower disclosure rate year on year.
- ▶ Cross-border deals involving Romanian targets (totaling USD 851 million in 2011) have not been included, otherwise the size of the M&A market would have been much larger.

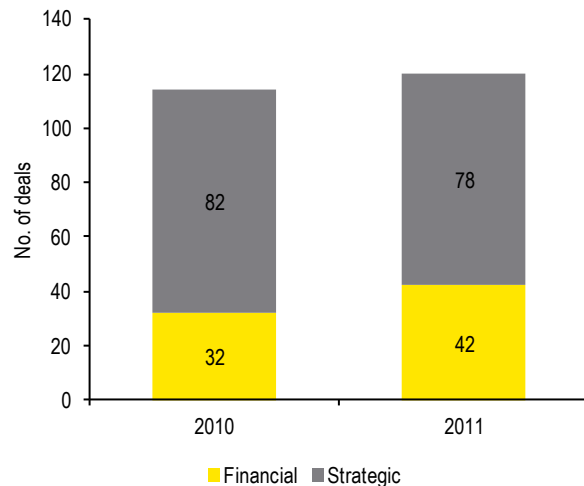
Type of investors

- ▶ Domestic strategic investors dominated the Romanian M&A market 2011, although the share of financial investors increased from 28% in 2010 to 35% in 2011.
- ▶ In 2011, the number of domestic deals was slightly larger than that the number of deals originated by foreign companies (i.e. 60 domestic deals versus 57 inbound deals). While in 2010 the number of inbound investments outpaced domestic transactions (63 inbound versus 50 domestic).
- ▶ Origination of inbound investments included Germany, Austria and the USA (new entry in top 3 foreign investors by number of deals), each with 6 deals, followed by the UK with 4 deals, and Luxembourg with 3 deals.

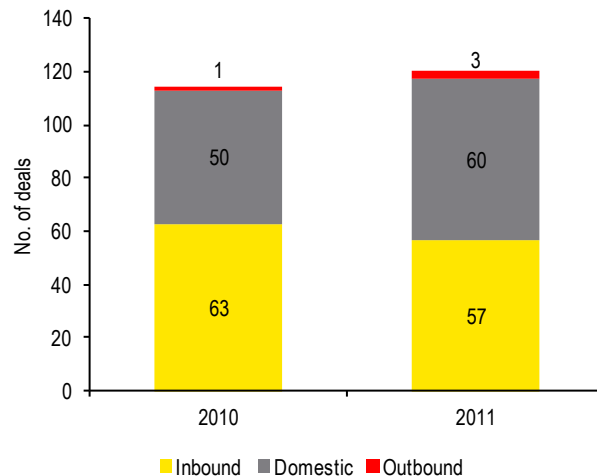
Romanian M&A market, number and values of completed deals



Buyers profile



Buyers origin



M&A Barometer Romania 2011

2011 Sector focus

- ▶ In terms of sectors targeted, **Manufacturing was the most attractive sector** by number of deals, accounting for 20 deals in 2011. Other leading sectors include Telecom & Media (14), Real Estate (13), Energy & Mining (11), Pharmaceutical and health care, IT and Services (each with 9).
- ▶ In terms of average deal value, **Retail & Wholesale sector was the largest**, followed by Energy & Mining, Pharmaceutical and Health Care, Real estate and Agriculture.
- ▶ In terms of total disclosed deal values, 5 sectors (i.e. **Real Estate, Energy & Mining, Retail & Wholesale, Manufacturing, Pharmaceutical and Health Care**) had the highest contributions, covering 73% of the total aggregated disclosed values of USD 383 million.

Sector	Number of deals per sector, including cross-border deals	Number of deals with disclosed values, excluding cross-border deals	Aggregated disclosed values, excluding cross-border deals, (USD million)	Average disclosed value per sector deal, excluding cross-border deals, (USD million)
Manufacturing	20	9	44	5
Telecom & media	14	6	28	5
Real Estate	13	8	83	10
Energy & Mining	11	5	64	13
Pharmaceuticals and health care	9	3	37	12
IT	9	3	10	3
Services	9	1	8	8
Banking and Financial services	7	0	n/a	n/a
Retail & Wholesale	7	3	53	18
Agriculture	6	2	19	10
Entertainment	5	4	18	4
Publishing & printing	4	2	5	3
Transportation	3	1	6	6
Chemicals	1	0	n/a	n/a
Construction	1	0	n/a	n/a
Waste management	1	1	8	8
Total	120	48	383	8

2012 Outlook - Sector focus

- ▶ Strategic decisions such as takeovers are highly dependent on the overall economic prospects and visibility over future expected cash-flows. In uncertain times (i.e. Euro-zone debt crisis and economic turmoil), strong prospects of market growth in specific sectors are paramount for investment decisions. We expect that transactions in Services, Energy & Mining, Real Estate and IT sector to continue to lead the transaction perimeter.
- ▶ Thermo power-plants Turceni and Rovinari, Oltchim, Posta Romana, CFR and Tarom could be privatized in the near future (NB - please note that privatizations are not included in the Barometer market size).
- ▶ Agribusiness (including crop production, animal farms, wholesale and retail, agrichemicals and fertilizers) is expected to become more and more visible in terms of acquisitions and investments.

M&A Barometer Romania 2011

Largest deals closed in 2011 (excluding cross-border deals)

Target Company	Buyer Company	Target's Country	Buyer's Country	Deal value (USDm) *	Note
Auto Italia Showroom; Auto Italia Impex	Mediterranean Car Agency	Romania	Israel	28.56	1
TMK Hydroenergy Power	CEZ Romania	Romania	Romania	28.27	2
City Mall	Star Imob Construct	Romania	Romania	24.29	3
Flanco	Asesoft	Romania	Romania	23.38	4
Dialmed Clinic (division of Polisano)	Diaverum	Romania	Germany	19.49	5
Baita Stei - Bihor	EIDore Mining Corporation	Romania	Australia	18.83	6
Spumotim	Johnson Controls, Inc.	Romania	USA	16.83	7
Astoria Center	Bluehouse Capital	Romania	Luxembourg	14.28	8
Praktiker store in Craiova	Bluehouse Capital	Romania	Luxembourg	14.28	9
Eva maternity hospital	MedLife	Romania	Romania	13.63	10

Notes

* Unless otherwise stated all deal values have been extracted from the sources listed on the 1st page (methodology section).

- 1- Not confirmed by the buyer,
- 2- Official press release of CEZ disclosing the deal value of EUR 19.8 million,
- 3- Seller's (Casa de Insolventa Transilvania) press release,
- 4- Deal was approved by Competition Council in December 2011 (ZF). Deal value is according to Deal Watch source (USD equivalent of EUR 18 million),
- 5- Diaverum, Munich, 5Dec11, press release. Deal value was not disclosed,
- 6- EIDore Mining 17Mar11 press release mentioning deal value of EUR 15 million. Completion could not be confirmed on this deal,
- 7- Buyer issued a press release, stating that the Romanian competition authority in Bucharest approved the transaction on 30 November. Terms of the transaction were not disclosed,
- 8, 9- Completion has been confirmed. However, the fund did not want to confirm the deal values,
- 10- Deal value was not confirmed by the company. Total deal value may include larger investments (e.g. a new hospital).

Largest cross-border deals closed in 2011 (Romania was one of the targeted countries)

Values not included in the size of the local M&A market

Target Company	Buyer Company	Target's Country	Buyer's Country	Deal value (USDm)
Euromedic International Dialysis Centers	Fresenius Medical Care	A	Germany	646.36
Adama Group	Immofinanz	B	Austria	60.80
CHS Inc.	Agri Point Limited	C	USA	58.18
Bramac	MONIER Group	D	Germany	54.57
Agroport ; CerealToscana S.A	Agrium	E	Canada	27.00
CallPoint New Europe	EBRD	F	International	4.35

A- Romania, Turkey, Bosnia-Herzegovina, Hungary, Croatia, Poland, Portugal, Russia, UK,

B- Ukraine, Turkey, Moldova, Romania, Croatia,

C- Romania, Cyprus, Bulgaria, Hungary,

D- Romania, Bulgaria, Slovenia, Serbia, Albania, Austria, Croatia, Czech Republic, Bosnia-Herzegovina, Slovakia, Hungary, FYROM,

E- Romania, Italy,

F- Romania, Bulgaria.

Largest Romanian IPO in 2011

Value not included in the size of the local M&A market

During 2011, the largest initial public offering (IPO) in Romania was the listing on the Bucharest Stock Exchange of "Proprietatea" Fund in January 2011. Total number of shares outstanding as at 30 December 2011 was 13.78 billion and closing value RON 0.4270 per share, resulting in a market capitalization of approximately RON 5.88 billion (or USD 1.76 billion equivalent).

M&A Barometer Romania 2011

Ernst & Young (EY) involvement in transactions completed during 2011

Announcement Date	Completion Date	Target Name	Buyer Name	Buyer Country	Seller Name	Stake involved	Note
1-Jun-11	1-Jul-11	Amplast & Co SA	Greiner Packaging SRL	Romania	Shareholders of Amplast	99%	1
1-Aug-11	1-Aug-11	QNet International SRL	Bramerton Investments SRL	Romania	Shareholders of QNet	70%	2
1-Apr-11	1-Jul-11	Prestige Tours International SRL	Happy Tour SRL	Romania	Mr Mircea Vladu	100%	3
1-Nov-11	1-Nov-11	RTC Proffice Experience SRL	Oresa Ventures NV	Netherlands Antilles	Mr Octavian Radu	100%	3
1-Mar-11	N/A	Avangate Group (Avangate Holding BV, Avangate BV, Avangate SRL, Avangate Inc)	3TS Capital Partners Ltd	Finland	Mr Radu Georgescu	minority stake	3
1-May-11	1-Nov-11	Fatrom - Aditivi Furajeri SRL	DSM Nutritional Products AG	Switzerland	Mr Georgios Galanakis and Mr Andrei Soare	N/A *	3
1-Dec-11	1-Dec-11	Spumotim	Johnson Controls	USA	Spumotim	N/A *	4
Jun-11	8-Jul-11	Sibmedia Interactive SRL	Schibsted Classified Media AS	Norway	The founder of Sibmedia Interactive	55%	5
17-Nov-11	28-Dec-11	Agroexpert Capital SRL	Titan Machinery Inc.	USA	N/A	N/A *	6

Notes

All transactions are share deals, except for the transactions marked with * in the table above that were asset deals. Pending and not publicly announced deals are not included.

- 1- EY was the financial advisor on the sell-side, covering sell-side M&A sell side services,
- 2- EY was the financial advisor on the buy-side covering buy-side M&A services, finance advisory, financial and tax due diligence services, as well as SPA and structuring advice,
- 3- EY was the financial advisor on the buy-side covering financial and tax due diligence services, as well as structuring advice,
- 4- EY was the financial advisor on the buy-side covering financial and tax structuring advice, as well as valuation services,
- 5- EY was the financial advisor on the buy-side covering financial and tax due diligence services,
- 6- EY was the financial advisor on the buy-side covering financial and tax due diligence services. Trade Registrar changes have not been operated yet as at the date of this document.

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 or acquisitions), from inception until completion, undertaking the management of the entire transaction process covering a full range of professional services (i.e. due diligence, valuation, business modeling, transaction support and transaction structuring).

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.

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