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Chapter 44

ROMANIA

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I OVERVIEW OF 2007/2008 M&A ACTIVITY

Robust economic growth (a 6 per cent GDP increase in 2007 and an 8.2 per cent in the first quarter of 2008), combined with a steady influx of foreign direct investment (€7.2 billion in 2007 and €1.58 billion in the first quarter of 2008), created favourable conditions for further consolidation of the Romanian M&A market in 2007/2008.

According to market sources, in 2007 the local M&A market represented 5.7 per cent of the country's GDP and ranked fifth in Central and Eastern Europe, after Russia, Hungary, Turkey and Austria, with a value of $8.4 billion, representing 4.4 per cent of the M&A market in Central and Eastern Europe (about $190 billion). Some 125 transactions were reported as concluded, averaging around €52 million per transaction, and totalling approximately €6.5 billion for 2007 alone, representing an increase of €0.5 billion on 2006.

The most significant change in the local market in 2007/2008 was the shift from what were mostly privatisation deals and larger transactions as market drivers of previous years towards a more balanced market, dominated by medium-sized and mainly private-sector transactions. 2007 was the year when for the first time the largest transaction in the market no longer accounted for more than 50 per cent of the market.

In 2007, the top deal of the year, the $2.7 billion acquisition of 75 per cent of Rompetrol Holding by KazMunaiGaz of Kazakhstan represented less than 30 per cent of the market, and created a precedent; for the first time in years, the main acquisitions in the market are no longer made by EU-registered entities. In addition, the total value of privatisation deals did not exceed $1.35 billion, which meant that almost 84 per cent of the market was made in private-sector deals.

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In terms of generated volumes, the most active sectors for M&A activity in 2007/2008 were real estate, financial services, energy, fast-moving consumer goods ('FMCG'), retail distribution, pharmaceuticals and medical services. As regards the number of representative transactions, the FMCG sector accounted for 24 deals, the energy and industrial production accounted for 18 transactions, the IT&C sector accounted for 18 transactions, the financial services sector accounted for 12 transactions and the pharmaceuticals sector accounted for 7 transactions.

The private sector reported 113 transactions, of which almost one-third were in the real estate sector (primarily acquisition of ongoing real estate development projects). Of these acquisitions, 14 transactions exceeded the €100 million threshold and, significantly, half were concluded in the real estate sector. The total aggregated value of these 14 transactions above the €100 million threshold was €3.88 billion, of which the top three transactions accounted for more than 63 per cent (i.e., €2.45 billion). Of these top three transactions in the private sector, two occured in the energy sector and one in the real estate sector, namely:

a the aforementioned acquisition of 75 per cent of Rompetrol Holding;
b the €329 million acquisition by Petrom (Romania's largest company, and part of the OMV Group) of the oil services division of Petromservice, formerly owned by Petrom but spun off in 2002; and
c a real estate transaction whereby an investment fund, Europolis, and Valad Property Group acquired (each separately) from Cefin Real Estate Asset Management, a collection of three development projects in Bucharest and Arad valued at €324 million.

As regards privatisation, key transactions in this field included:

a the privatisation closing at Electrica Muntenia Sud for €820 million (the transaction counted for 2007), in which the Italian company Enel acquired 67.5 per cent of latter's share capital;
b the privatisation of Automobile Craiova (formerly Daewoo) in a €57 million transaction (plus additional committed investments for €675 million), in which Ford Motor Company took over Automobile Craiova; and
c the privatisation of Electroputere Craiova, the country's main producer of trains, railways and high-voltage electrical equipment, in a transaction totalling approximately €122 million (including investments and payment of arrears), in which Al Arrab Contracting acquired 62.83 per cent of Electroputere.

II GENERAL INTRODUCTION ON THE LEGISLATIVE M&A FRAMEWORK

The basic legislation relevant for M&A transactions is Law No. 31/1990 ('the Company Law') as amended by Law No. 441/ 2006 and Emergency Government Ordinance ('EGO') No. 82/2007. The Company Law provides for applicable rules when selling and purchasing participations in Romanian-registered companies, as well as those applicable for share capital increases, merger and spin-off operations.

Further rules relevant for the M&A market are established with respect to the privatisation of state-owned companies, namely, EGO No. 88/1997 on privatisation of companies and Law. No. 137/ 2000 on certain measures for accelerating the privatisation process. Additionally, the legislative framework for M&A deals carried out on the stock exchange is provided by Law No. 297/2004 on capital markets, which transposes into local legislation the relevant European rules.

III DEVELOPMENTS IN CORPORATE AND TAKEOVER LAW AND THEIR IMPACT

With respect to legislative amendments and developments in M&A legislation adopted during 2007 and first half of 2008, it is worth mentioning that the Company Law has been amended through EGO No. 52/2008.[1]

EGO No. 52/2008 implements the provisions of Council Directive 2005/56/EC on cross-border merger of capital based companies, as well as the provisions of Council Directive 2007/63/EC for the amendment of Directives 78/855/EEC and 82/891/ EEC regarding the independent report requirement for mergers and acquisitions.

In addition, EGO No. 52/2008 secures the necessary internal legal framework required for the direct application of Regulation (EC) No. 2157/2001 on the status of the European Company, as well as the direct application of Regulation (EC) No. 1435/2003 on the status of the European Cooperative Association.

IV FOREIGN INVOLVEMENT IN M&A TRANSACTIONS

The Romanian M&A market continues to be dominated by foreign-funded acquisitions, the value of acquisitions financed from local funds representing only about 6.9 per cent (€445 million) of the total volume of transactions.

The investors tend to be primarily from the EU but also from other Western economies (primarily the United States). Occasionally, however, the investors may originate from countries outside the EU or even the OECD, as happened recently when Kazakhstan's state-owned energy company KazMunaiGaz became the majority shareholder in Rompetrol Holding (which had only private venture capital until the acquisition).

In terms of activity and volume of acquisitions, the major players tend to be companies or investors from Austria (e.g., Erste Bank, Vienna Insurance Group), France (Renault, Groupama), Italy (Enel, Generali) and Germany (E.ON), but also from Spain and Portugal.

1 Published in the Official Gazette, Part I, No. 333/2008.

V SIGNIFICANT TRANSACTIONS, KEY DEVELOPMENTS AND HOT INDUSTRIES

The M&A market in 2007/2008 has been dominated by the surge in acquisitions of real estate development projects (greenfield and completed), primarily malls or hypermarkets and offices buildings. However, leaving aside their significant impact on the economy and the market, these developments tend to play a lesser role in market consolidations through the M&A-specific processes.

In 2007/2008, the key sectors in the market were the energy and financial services sectors – particularly insurance, which was fuelled primarily by exceptional growth prospects, the insurance market being set to continue expanding with two-digit increase rates for years to come until reaching comparable levels with other developed EU countries.

i Energy

In the energy sector, 2007/2008 witnessed, as previously mentioned, the two largest M&A deals in the private sector, both in the field of oil services and refinery, i.e., the acquisition of a controlling stake in Rompetrol Holding by KazMunaiGaz, and the recovery by Petrom of its former oil services division from Petromservice.

The acquisition of Rompetrol represents a move by KazMunaiGaz to obtain access to refining and distribution capabilities, the strongest assets of Rompetrol, which had over the years acquired two oil refineries – in 1999, the Vega oil refinery near Ploiesti (the traditional 'hinterland' for the Romanian oil industry) and, in 2001, the Petromidia oil refinery near Constanta (the sole Romanian oil refinery located on the coast of the Black Sea). Rompetrol also has retail distribution chains (gas stations) in Romania, Balkan countries and Western Europe (primarily, France).

In the same field, the market saw a reverse of the initial trend inaugurated by the state in 2002 when it separated Petrom from its non-core activities, which included Petromservice, containing Petrom's oil services division. Five years later, in September 2007, and three years after the privatisation of Petrom in 2004, the oil services division of Petromservice was again reintegrated in Petrom in a €328.5 million transaction which represented a price six times greater than that paid by Petromservice's shareholders, mainly trade union members, when they acquired Petromservice from the state in 2002.

Petrom also acquired the remaining 55 per cent of the shares of Shell Gas Romania (45 per cent being already owned by Petrom) plus 60 per cent of the shares of Trans Gas Services, both owned by Shell Gas (LPG) Holding, in a €51 million transaction that marked the exit of the Anglo-Dutch giant from the Romanian liquefied gas market.

In addition, the energy sector also witnessed in 2007/2008 a strong consolidation through completion in June 2008 of the privatisation of Electrica Muntenia Sud.

The deal involved a consideration of €820 million whereby the Italian group Enel acquired control over Electrica Muntenia Sud. The transaction was structured as a direct acquisition of 50 per cent of the shares of Electrica Muntenia Sud against a consideration of €394.8 million; Enel is to subscribe later in a share capital increase for another €425.2 million, at the end of which Enel will hold 67.5 per cent of the share capital of Electrica Muntenia Sud.

Enel thus became the largest electricity distributor in Romania, with an aggregated market share of about 30 per cent, having already in 2005 acquired two other formerly state-owned (regional) electricity distributors, Electrica Dobrogea and Electrica Banat. Other competitors include (regional) distributor Electrica Moldova (now E.ON Moldova), which was privatised in 2005 with the German group E.ON, and Electrica Oltenia, the biggest regional distributor of electricity, which was privatised with the Czech group CEZ in 2005. The remaining three distributors still owned by the state – Electrica Muntenia Nord, Electrica Transilvania Sud and Electrica Transilvania Nord – remain for the moment in state control, a decision about the strategy for their privatisation being expected by the end of this year.

The beginning of 2008 registered a major increase in the interest of energy companies in taking over companies that have developed or are currently developing large wind-farm projects in the Dobrogea region. Although on paper there is an abundance of wind-farm projects, in reality only a few of them have succeeded in being developed to the final stages, making these few very valuable for the big energy conglomerates. It is anticipated that the second half of 2008 will see M&A transactions in this sector worth more than €1.5 billion for the acquisition of these projects.

ii Insurance

The local insurance market saw the greatest consolidation in 2007/2008 through acquisitions and aggressive consolidation. A new major player, the French insurer Groupama, entered the local insurance market through successive acquisitions of BT Asigurari, Asiban and OTP Garancia Asigurari.

The acquisition of OTP Garancia Asigurari (0.3 per cent of the local market), which was made for an undisclosed amount estimated at between €3 million and €4 million, was part of a larger transaction (worth €617 million) in which Groupama acquired OTP Garancia, the insurance division of the OTP Group, which had established subsidiaries in Romania (OTP Garancia Asigurari), Bulgaria and Slovakia.

Groupama's first step in the market, however, was the acquisition of BT Asigurari (3.76 per cent of the local market) from Banca Transilvania in a transaction amounting to €100 million (€90 million paid to Banca Transilvania and €10 million paid to minority shareholders). Significantly, the price paid by Groupama for €1 of subscribed gross premiums was €1.14, which was higher than the usual price paid in such circumstances (between €0.70 and €0.80 per €1 of subscribed gross premiums).

This trend was again confirmed in the last step undertaken by Groupama when it acquired 100 per cent of Asiban (8.5 per cent of the local market) for a consideration of €350 million from the four banks that had equal shareholdings in Asiban, i.e., Banca Comerciala Romana ('BCR'), BRD Groupe Societe Generale, Casa de Economii si Consemnatiuni ('CEC'), and (again) Banca Transilvania. The price paid in this case for €1 of subscribed gross premiums was €1.90, which is the highest price paid in an M&A deal on the local insurance market until now.

Another major development in 2007/2008 for the local insurance business was the ample restructuring and consolidation process launched by the market leader, Vienna Insurance Group, when it acquired the insurance subsidiaries of Erste Bank in a cross-border transaction of €1.4 billion. Among these subsidiaries, Vienna Insurance Group acquired the controlling stakes in the Romanian insurance companies affiliated with the Romanian subsidiary of Erste Bank (i.e., BCR), namely, BCR Asigurari (7.88 per cent of the local market) and BCR Asigurari de Viata (life insurance, 1.17 per cent of the market).

In addition, Vienna Insurance Group had previously initiated a staged acquisition of Asirom (8.23 per cent of the local market), listed on the Bucharest Stock Exchange and one of the most familiar insurance brands in Romania. The process started in July 2007 with the acquisition of a 30 per cent stake for €47 million and continued in November 2007 with the acquisition of a further stake of 20 per cent for €30 million. In late 2007 and through the beginning of 2008, Vienna Insurance Group managed to acquire further stakes totalling 48 per cent (the initial 16 per cent of this later stake being acquired for approximately €23 million, through a public offer on the stock exchange which effectively valued Asirom at about €140 million).

These acquisitions consolidated the already dominant position of Vienna Insurance Group on the local market and caused it to sell two of its Romanian subsidiaries, Unita (6.5 per cent of the local market) and Agras (0.19 per cent of the local market) to Uniqua. On the other hand, Uniqua had already acquired a controlling interest in another Romanian insurance company, Astra Asigurari Reasigurari, with a 27 per cent stake in 2005 and a further stake of 23 per cent in 2007.

The acquisition price paid by Uniqua for Unita was not disclosed but market sources indicate that it was between €150 million and €250 million (although fourth on the market in the first quarter of 2008 in terms of subscribed premiums, Unita has been suffering from chronic losses over recent years). Interestingly, the acquisition of Unita also solved another problem for Uniqua, which was unable until now to promote its trademark adequately in Romania because of the very close resemblance of the two trademarks (which prevented the registration of the Uniqua trademark in Romania). Through the acquisition of Unita, Uniqua will be able to claim third place in the local insurance market (the aggregated market share of both Unita and Astra being approximately 12 per cent).

Another significant M&A consolidation in 2007/2008 in the local insurance market was the acquisition of ARDAF (2.34 per cent of the market) and RAI Asigurari (0.36 per cent of the market) by the Czech investment group PPF Investments, which first restructured and improved the financial status of the two insurance companies, which it acquired at the beginning of 2007 and then sold this year to its sister joint-venture Generali PPF in a transaction estimated at €80 million. Generali PPF is also controlling Generali Asigurari, which had 5.3 per cent of the Romanian insurance market at the end of 2007.

Consequently, through this move, Generali PPF is aiming for a fourth (possible third) place in the local insurance market, with an estimated market share of 11.7 per cent (aggregated for the three Romanian subsidiaries of the group – Generali, ARDAF and RAI Asigurari). Interestingly however, given the fact that it was an intra-group transaction, the ARDAF deal was closed at a price of €1.4 per €1 of subscribed premiums, confirming the trend of increased acquisition prices for an insurance market that is getting very hard to penetrate as a result of aggressive consolidation of the major players (only market leader Allianz Tiriac, the Romanian subsidiary of Allianz, is making a solo performance; however, it does so with almost 17 per cent of the local insurance market, being the biggest insurance company in the market).

iii Other representative transactions

The M&A market also witnessed in 2007 the strategic entry of Ford Motor Company through the takeover of Automobile Craiova, the holding entity of Daewoo Automobile Craiova, the former subsidiary of the car-manufacturing arm of Korean group Daewoo. The initial transaction price was €57 million for 72.4 per cent of the shares of Automobile Craiova, plus the additional investment obligations amounting to €675 million and the increase of production capacity from current 100,000 cars per year to 300,000 cars per year, which are to be exported primarily to Western Europe. However, the transaction price was affected by the additional amount of €27 million that the European Commission established as being illegal state aid for Automobile Craiova and that is to be covered by Ford. The production is scheduled to start in early 2009 and the overall investments announced by Ford at the Romanian factory until 2012 exceed €1 billion.

Other noteworthy transactions in the market in 2007/2008, in terms of consolidation and repositioning in the local industry, were the acquisition of LaborMed Pharma group companies by the investment fund Advent International; the acquisition of Kandia Excelent by Cadbury Schweppes; and the acquisition of LaDorna by Lactalis.

The acquisition of LaborMed in a €123 million transaction represented one of the last available moves in acquiring a market share in the local pharmaceuticals production industry. LaborMed was sixth in 2007 among the local producers of pharmaceuticals and enjoyed a market share of 1.6 per cent, being among the last local pharmaceuticals businesses still held by their initial founders.

Advent, on the other hand, gained reputation and experience in the local pharmaceuticals industry when it acquired Terapia Cluj, one of the most important local pharmaceuticals producers in 2004 and successfully sold it later in 2006 to Ranbaxy Laboratories Limited for $324 million in a transaction that effectively established the leader of generic pharmaceuticals producers in the Romanian market. The anticipated exit of Advent from LaborMed is expected to generate in the next couple of years similarly interesting results for the local pharmaceuticals industry, since LaborMed will most probably be sold to one of the leading internationals in the pharmaceuticals industry.

Also, the local food industry witnessed in June 2007 its largest M&A deal of the year with the acquisition by Cadbury Schweppes of one of the leading local producers, Kandia Excelent, which enjoyed a market share of 20 per cent and grouped together the experience and tradition of the two most reputable local brands in the chocolate and sweets industry, Kandia (Timisoara) and Excelent (Bucharest), Excelent having absorbed Kandia in 2004.

Cadbury Schweppes acquired Kandia Excelent from Meinl Bank, which held the company indirectly through a private equity fund, Kandia NV, in a €99.5 million transaction that took place on the deal market of the Bucharest Stock Exchange. The offer launched by Cadbury Schweppes proved more attractive to Meinl Bank than their initial plan to list 50 per cent of Kandia Excelent on the Vienna Stock Exchange.

Another significant development in the first half of 2008 again occurred in the food industry when the French entrepreneur Jean Valvis, who also created the sparkling waters business Dorna (sold in 2002 to Coca-Cola for €39 million), made his largest exit so far by selling his dairy business LaDorna to the French giant Lactalis, in a transaction with an estimated consideration of between €70 million and €90 million. LaDorna is among the top-five local dairy producers in a market estimated at about €1 billion and expected to expand to around €3 billion or €4 billion in the medium term.

Also, the related industry of FMCG distribution saw in 2007/2008 two of its most notable transactions, involving significant industry repositioning, with the acquisition of DOMO Retail by the investment fund Equest Investment Balkans and the acquisition of ARTIMA supermarket chain by the French hypermarket operator Carrefour.

DOMO Retail is the second-largest retail distributor in the local market of home and electrical appliances and the sale of 75 per cent of its shares to Lynx Property, a subsidiary of Equest, for an aggregated consideration of €75 million also involved a concerted development strategy with Technomarket, a Bulgarian distributor acquired by Equest last year, in which the two distributors mutually supervise and facilitate the expansion of their networks in Romania, Bulgaria and Serbia.

Another interesting development last year in the FMCG distribution segment involved the acquisition by Carrefour of the supermarket network ARTIMA in a €55 million transaction that marked the entry of Carrefour into the supermarket niche, which is more flexible and suitable for the smaller cities, and also the establishment of Carrefour in the western part of Romania, a region that had a smaller Carrefour presence before the acquisition of ARTIMA.

Finally, it is worth mentioning that, although not primarily an M&A deal, the listing of Transgaz on the Bucharest Stock Exchange at the end of last year was the most important event in the local capital market. The listing involved the floating of a 10 per cent stake from the share capital of Transgaz, the state-owned monopoly for natural gas transport. The IPO has been highly successful, being oversubscribed more than 28 times, the final aggregate value of the intermediated transaction being €63 million, which represents the absolute record on the local capital market after the 2006 floating on the Stock Exchange of Transelectrica, the other state-owned monopoly for electricity distribution, which established the previous record with €35 million for their IPO.

VI FINANCING OF M&A: MAIN SOURCES AND DEVELOPMENTS

As other emerging markets, the Romanian M&A market has not been, as yet, directly affected by the current international financial crisis that started with the subprime crisis in the United States. More importantly, the specific profile of the Romanian market presents mostly the opportunity for rather small transactions, averaging from €10 million to €50 million, which are usually readily available to investment funds from their own resources without the need to supplement them or organise for additional support or syndicated financing. As such, the importance of borrowed capital in the acquisition process for now tends to be smaller than in other jurisdictions in Western Europe.

VII EMPLOYMENT LAW

As regards amendments to employment legislation relevant from an M&A perspective, there have been no significant developments since the implementation of Council Directive 2001/23/EC on the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses.

Law No. 67/2006 on employees' protection in the case of transfer of undertakings or businesses or parts of undertakings or businesses transposed into Romanian law almost all provisions and concepts of Council Directive 2001/23/EC.[2]

It is expected, however, that the primary legislation (Law No. 67/2006) in this sector will be further harmonised with the rest of the employment legislation and, more importantly, with the current practice of the authorities, which is still driven by old principles.

VIII TAX LAW

Since the amendments to the Fiscal Code made through Law No. 343/2006, intended to harmonise Romania's tax legislation in view of the country's accession to the EU on 1 January 2007, there have been no significant amendments that may be relevant from an M&A perspective, aside from the introduction of the VAT exemption rule for the transfer of assets as an ongoing concern in asset-based transactions.

This rule has been introduced in article 128(7) of the Fiscal Code, which was amended through EGO No. 106/2007,[3] implementing, *inter alia*, Directive 2006/112/EC on the common VAT system applicable to EU members.

Pursuant to the new provisions of article 128(7) of the Fiscal Code, the transfer of all or part of a company's assets is not a delivery of goods, and hence, a VAT taxable operation, if the transfer is made via a bulk sale of assets, or an in-kind subscription to the share capital, or pursuant to a merger or spin off operation, and at the same time, the transferee is VAT registered.

IX COMPETITION LAW

There have been no significant development in the competition legislation during 2007/2008 and, because of the division of competencies at EC level, most relevant international transactions that occurred in 2007/2008 were investigated or examined directly in Brussels by the European Commission.

However, following the review by the European Commission of the privatisation of Automobile Craiova, in which the European Commission established that illegal state aid in the amount of €27 million has been granted by the Romanian state because of post-privatisation obligations established for the buyer, the privatisation authority has seriously considered its strategy towards future privatisations. Thus, as a first measure,

2 Published in the Official Gazette, Part I, No. 276/2006.

3 Published in the Official Gazette, Part I, No. 703/2007

it has been decided that all further privatisations will be made, to the extent possible, by way of public auction accessible to whomever is willing to pay the participation guarantee and where the price will be the only criterion for selecting the winning bidder. The second measure taken is the entire revision and amendment of the privatisation legal framework towards its compliance with the European Commission requirements, a process undertaken with the help of specialised law firms from Bucharest and Brussels. The process is envisaged to be successfully finalised by the end of this year.

Meanwhile, in July 2008 the privatisation authority cancelled four privatisation processes that the European Commission had warned were infringing EU requirements regarding state aid and the principle of free circulation of capital. These privatisations are expected to be restarted once the privatisation methods in these cases are further amended.

X FUTURE DEVELOPMENTS AND OUTLOOK

The Romanian M&A market in 2008/2009 is expected to continue its upward trend, sustained by the continuing interest of investors (primarily private equity funds) in emerging economies, e.g., Russia, Ukraine, Turkey and, of course, Romania. The market is expected to increase by margins as large as 20 to 25 per cent compared to 2007/2008, with one sector, distribution, indicated as being investors' primary acquisition target. Retail distributors (such as Altex or Flamingo) or general distributors (such as Interbrands) could become primary targets for foreign private equity funds. The energy sector is also continuing to offer attractive prospects for 2008/2009, and the construction materials and financial services industries are also expected to provide significant incentives for foreign investors in the Romanian market.

In terms of individual targets, the following companies are expected to become the subject of a takeover, privatisation or negotiated M&A deal:

a in the banking sector, two locally held banks, Banca Carpatica, with a 1.2 per cent share of the market in 2007, and Banca Transilvania, with a 5 per cent share of the market in 2007 plus a strong market capitalisation of €1.7 billion, are the sole remaining important banks that are not yet affiliated to or held by an international financial group;

b in the state-owned industry sector, Antibiotice and Oltchim, two state-owned manufacturers that have performed well under state management, are expected to be offered for privatisation this year (although no clear date has been presented for the moment). Antibiotice is one of the most important local producers of pharmaceuticals and a successful deal is expected to top around €200 million. On the other hand, Oltchim has a market capitalisation of approximately €78 million and already has a presumed contender for acquisition, the German group PCC, which has a minority stake of 12.6 per cent in Oltchim and with whom Oltchim has already participated in a joint venture with PCC for the manufacturing of polymers – a joint venture that has already seen investments of about €25 million and is expected to receive within the next two years total investments of approximately €85 million;

c in the energy sector, the three remaining electricity distributors, Electrica Transilvania Sud (valued at €930 million), Electrica Transilvania Nord (valued at €916 million) and Electrica Muntenia Nord (valued at €904 million), will most likely not be earmarked for privatisation this year, at least not until after the general election expected at the end of 2008, since the government is considering a proposal to make them the nucleus of a national energy giant (modelled after CEZ and Enel), together with the national producer of hydroelectricity, Hidroelectrica, and at least two of the remaining main producers of thermoelectricity, most probably the energy complexes Turceni and Rovinari;

d also in the energy sector,Nuclearelectrica, the national nuclear power producer (with 18 per cent of the local electricity market) is expected to be listed during 2009. The required listing preparations, which may last six to nine months, have not started yet, as discussions on strategy are still ongoing between the government and the Bucharest Stock Exchange.

e also in the energy sector, Iberdrola Renovables, the renewable energy division of Spanish company Iberdrola, has concluded an agreement for the takeover of approximately 50 wind-powered projects (each containing an average of 16 wind turbines) in eastern Romania with a total capacity of 1,600MW. The project is owned by Eolica Dobrogea AG, a joint venture between Swiss engineering company NEK and Romanian company Rokura. Depending on the exact projects to be acquired, the transaction value upon closing, later this year, is expected to be between €200 million and €300 million.

f another interesting development in 2008/2009 could be the involvement of a strategic investor in the second-largest cable operator in the market, RCS&RDS, which in 2007 renounced the prospect of a listing on the London Stock Exchange, preferring instead to bargain for a syndicated loan of €500 million. However, requirements for organic growth and need for investments may dictate an approach to a foreign strategic partner (its main competitor, Astral Telecom, is owned by the American UPC Liberty Group, pursuant to a successful takeover finalised in 2005); and

g sophisticated developments could be initiated in the private pensions sector (both mandatory and facultative) since, beginning this year, mergers and acquisitions of private pension funds are expected in order to consolidate, gain or increase market share in a very aggressive market that has very long terms for return of investment. After the initial marketing period, the mandatory private pensions market has seen 88 per cent of the market concentrated between the first six players, the remaining 10 competitors dealing with a meagre 12 per cent of the market. After the expected approval of the technical norms for mergers and acquisition of private pensions funds, the market will most likely see two significant transactions, i.e., the envisaged acquisition of OTP Fond de Pensii by BT Aegon Fond de Pensii (targeting a market share of 3.65 per cent), and the proposed merger between Interamerican Fond de Pensii and Prima Pensii Fond de Pensii (targeting a market share of 7.15 per cent).