

# Romania M&A Barometer 2016

EY's M&A Barometer is a summary and analysis of publicly disclosed information accumulated from reputable databases, such as DealWatch and Zephyr.

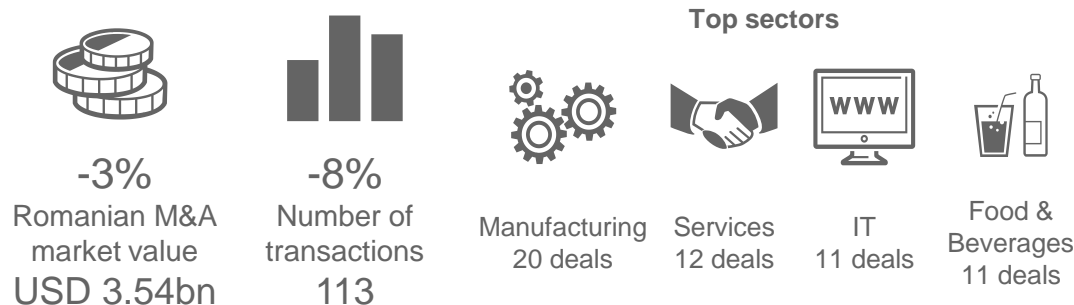
M&A activity and data includes private to private transactions and excludes:

- ▶ Acquisitions of minority stakes below 15%
- ▶ Majority shareholder further acquisition of minority interest
- ▶ Real estate transactions (except when the 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)
- ▶ Acquisitions of licenses
- ▶ Joint venture agreements
- ▶ Greenfield investments
- ▶ IPOs
- ▶ Privatizations
- ▶ Multi country deals (value of these deals was ignored in each country, but the number was counted in)
- ▶ Internal reorganizations

## Introduction

In our Mergers & Acquisitions (M&A) Barometer we analyze the prevailing trend in the Romanian transactions, as part of the regional context. Although the businesses under review vary in size, background and economic growth, the market illustrates a slightly lower M&A activity in terms of value when compared to 2015.

### Highlights – 2016



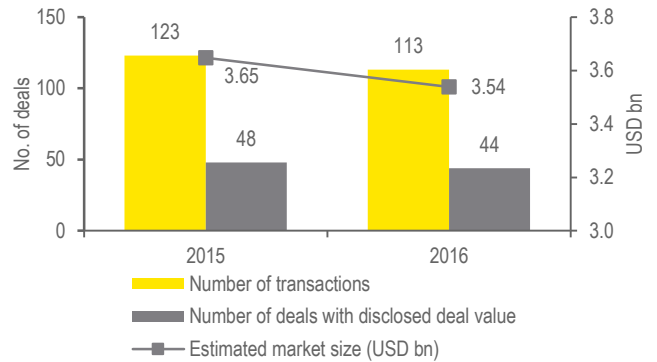
- ▶ Largest transaction occurred in Food & Beverages – Asahi Group Holdings acquired the SAB Miller's business in Romania and other 4 countries in CEE
- ▶ Top 3 countries by number of transactions made in Romania: Germany, France and Poland
- ▶ Average deal size of deals over USD 100m: USD 321m
- ▶ Average deal size of deals below USD 100m: USD 24m
- ▶ Increasing amount of domestic transactions - with 41% of all deals compared to 35% in 2015
- ▶ Disclosure rate of transaction value or deal size: 39%\*

\*Applying this disclosure rate we estimated the total transaction value of the M&A market.

## Estimated market value for 2016

The 2016 estimated transaction value in Romania remained somewhat constant at USD 3.54bn compared to 2015, while the number of transactions decreased by 8%.

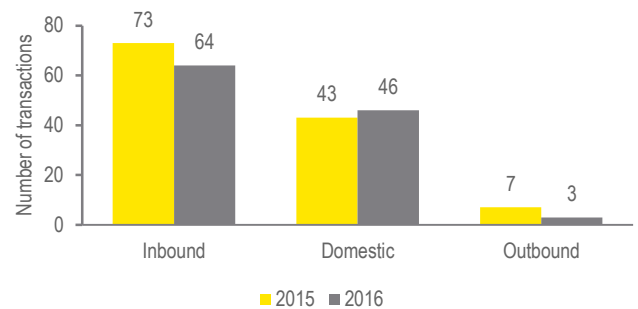
Transaction value was disclosed for 44 deals, resulting in a disclosure rate of 39%, similar to 2015.



## Direction of transactions

The Romanian transaction market was, in 2016, dominated by inbound transactions with 57% of total number of deals, a slight decrease in number when compared to 2015.

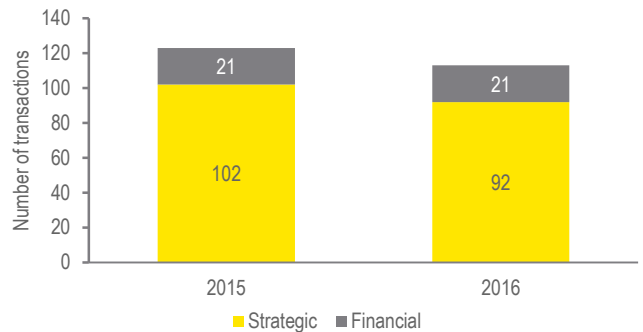
Domestic transactions increased by 7% when compared to 2015 while outbound transactions decreased.



## Buyers profile – Strategic and financial

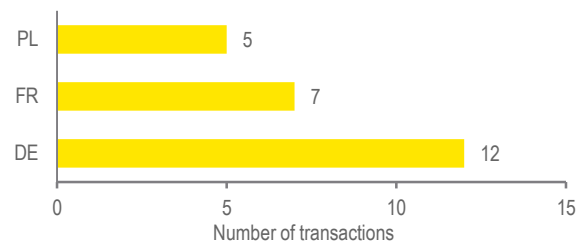
Deals closed by strategic investors in 2016 represented 81% of total disclosed deals, similar to the 83% share reached in 2015.

The number of financial investors' transactions remained constant in 2016.



## Most active inbound investors

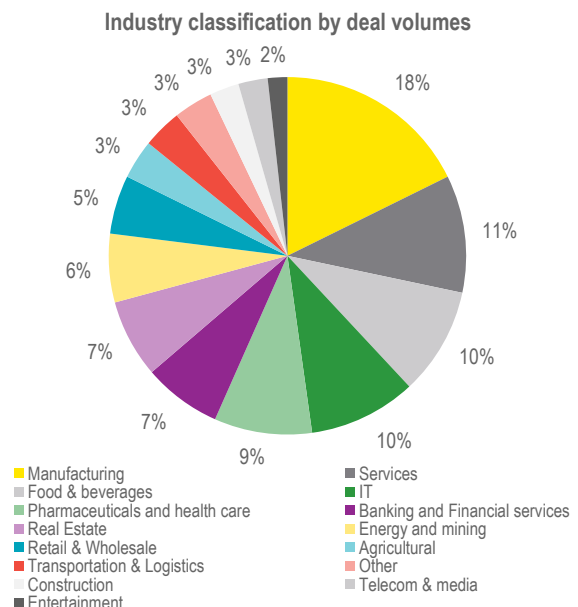
In 2016, out of a total of 64 inbound transactions, the largest number came from the Germany with 12 transactions representing 19% followed by France with 11% and Poland with 8%. In 2015 the most active inbound investors came from the US (7 deals).



## Sector analysis

The Manufacturing sector was the most active industry (by number of transactions), accounting for 20 deals in 2016. It was followed by Services (12 deals) and IT and Food & Beverages (11 deals each).

In terms of value, the largest transactions occurred in the Food & Beverages sector (c. USD 700m), followed by the Energy and mining sector (c. USD 680m).



## Top 10 largest transactions in Romania in 2016

No.	Target company	Buyer company	Country of target	Country of buyer	Value USDm
1	SAB Miller's business in Czech Republic, Slovak Republic, Poland, Hungary and Romania	Asahi Group Holdings	RO, CZ, SK, PL, HU	JPN	700*
2	KMG International N.V (51% stake)	CEFC China Energy Company Limited	RO, NE, MD, BG, FR	CN	680*
3	S.C. Profi Rom Food S.R.L.	Mid Europa Partners LLP	RO	UK	564
4	E.ON Distribuție România (30% stake)	Allianz Capital Partners GmbH	RO	DE	286
5	Shopping City Sibiu	NEPI	RO	ZA	112
6	Albalact SA	Groupe Lactalis S.A.	RO	FR	98
7	Stirom S.A. (85.6% stake)	BA Vidro S.A.	RO	PT	85
8	S.C. ASTRA RAIL Industries S.R.L.	Wagony Swidnica S. A.	RO	PL	66
9	McDonald's Romania S.R.L.	Premier Capital S.r.l.	RO	RO	65
10	Green Group (75% stake)	Abris Capital Partners	RO	PL	57

\*Note: as the transaction value was not publicly disclosed, an estimation from specialized sources in the market was used

Source: DealWatch, Zephyr and EY analysis

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