



Romania

Animal Farms - Dairy and Meat Processing



A FRD Center analysis





Introduction



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This presentation is produced by **FRD Center** – www.frdcenter.ro - one of the pioneer privately owned independent market entry consulting and M&A advisory firms in Romania.

Since 2000, FRD Center offers tailor-made market research and intelligence, B2B matchmaking and M&A consulting services to foreign organisations interested to enter Romania and the emerging markets in Europe as exporters, consultants, investors or joint-ventures, to relocate their operations, or to source in CE, SE and Eastern Europe.

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As part of the CSR activity, FRD Center endorses the
Sibiu International Theatre Festival SibFest FITS - www.sibfest.ro

The Sibiu International Theatre Festival is the most complex festival in Romania. Internationally, it has become the most important performing arts festival in Europe, judging by its ampleness, dimension, and quality of events, before Edinburgh International Festival (Great Britain) and Avignon Festival (France)



Why Romania?

Romania is the most dynamic large market in the EU. She has a solid animal farming sector and a dynamic food processing industry.

Romanian agri-business and food production sector have been attracting foreign investors and exporters for decades.

Additional to the local consumption growth and increasing purchasing power, **Romania's strategic advantage is its position as a GATEWAY to the EU**, on one hand, and to large markets such as Russia, Turkey, Ukraine, Kazakhstan that are not part of the EU.

Romania presents interest to foreign investors or manufacturers looking to acquire a local player and set up operations in the country, thus accessing the EU market (510 million people) and relevant markets in Eastern Europe.



Animal Farms

Romania has a large number of animal population – cattle, pig, poultry, sheep etc.

According to the Ministry of Agriculture:

- on 1 June 2016, there were **2,081,233 heads of cattle**, out of which 1,319,294 heads of breeding livestock: 63%
- on 31 July 2016, there were **4,478,596 heads of pigs**, out of which 2,292,337 heads of piglets born by artificial insemination (51.2%) and 258,000 heads of breeding sows (5.8%)
- on 31 July 2016, there were **85,096,537 heads of poultry**

The vast majority of the animals are in private ownership, either in large corporations that are vertically integrated or in smaller private farms that sell to the meat, milk and eggs processors

EU financial support as well as local banks loans are contributing to the development of animal farms in Romania

Cattle Farms for Dairy

Examples of companies that have dairy cattle farms in Romania are:

- **DN Agrar Group**, with Dutch capital, has two cattle farms, located in Garbova, Alba county, Central Romania and Vaidei, Hunedoara county, Western Romania, with a cumulated number of approximately 3,600 dairy and milking cows.
- **Carmolimp** has a farm in Brasov county, Centre Romania with the capacity of approximately 2,500 bovines, out of which some 1,000 heads of dairy cattle and around 1,500 heads of beef cattle. Carmolimp has integrated activities: cattle farm, production of dairy products, production of meat and meat products, production of cakes.
- **Racova Group** has three dairy cattle farms in Vaslui county, NE Romania with a cumulated number of some 2,000 heads. Racova Group is vertically integrated: exploitation of agricultural land, cattle farms, production of dairy products, production of bakery products etc.



Cattle Farms for Dairy – cont.



Examples of companies that have dairy cattle farms in Romania are:

- **IAC Curtici** has a dairy and beef cattle farm with approximately 1,100 heads, located in Curtici, Arad county, Western Romania. The farm has Holstein dairy cattle and Charolaise beef cattle breeds. IAC has an integrated business: exploitation of agricultural land, cattle and pig farms, production of dairy products, production of meat and meat products, production of bakery products.
- **Cris-Tim Group** has a dairy and beef cattle farm - EcoFerm - with approximately 1,400 heads, located in Prahova county, Southern Romania. Cris-Tim Group is vertically integrated: cattle farm, production of dairy products, production of meat and meat products. Cris-Tim produces 20 tonnes of dairy products per day - the Mugura brand.



Cattle Farms for Dairy – cont.

Examples of companies that have dairy cattle farms in Romania are:

- **Agrimat Matca** has over 1,000 heads of Holstein cows. The company's farm is located in Galati county, SE Romania.
- **Agroindustrialia Pantelimon** has a dairy cattle farm in Ilfov county, near Bucharest, of approximately 500 cows. The company produces some 5,000 litres of milk per day.
- **Holstein Ro Association** has approximately 20 members - cattle farms. The Association has been set up in 2005 and targets all individuals and farms in Romania interested in the development of the Holstein-Friesian breed. Holstein Ro has a laboratory for the milk quality control.





Animal Farms – government subventions

According to the Agency for Payments and Intervention in Agriculture - APIA, the 30 largest cattle owners in Romania have collected subsidies of approximately 5.5 million EUR in 2015.

The subsidies in 2015 have been 117 RON - approx. 26 EUR - per tonne of milk and 430 RON - approx. 97 EUR - per head of beef cattle.

The highest subsidies in 2015 have been collected by the Dutch-held Group DN Agrar - approximately 800,000 EUR - via its two farms, DN Agrar Apold and Lacto Agrar.

The new Romanian Government aims to offer subsidies to pig farms starting with 2017, namely 10.000 EUR per farm with 200 pig heads generating a meat production of minimum 20 tonnes.

Pig Farms

In Romania are raised

- indigenous breeds of pigs, such as Stocli, Mangalita, Bazna, Albul de Banat and Albul de Rusetu
- imported breeds of pigs, such as Landrace, Pietrain, Duroc etc

Examples of companies that have pig farms in Romania:

- **Crinsuin** has a pig farm with approximately 25,000 heads, located in Constanta county, SE Romania.
- **Eurospatial** has a pig farm with almost 24,000 heads, located in Olt county, SW Romania.
- **Nutricom** has four pig farms with the total capacity of over 60,000 heads and a poultry farm with the capacity of 300,000 chickens per series. Its farms are located in Calarasi county, Southern Romania.





Pig Farms



Examples of companies that have pig farms in Romania:

- **Pigcom** has a pig farm located in Tulcea county, SE Romania with approximately 24,000 heads.
- **Porcellino Grasso** has a pig farm with approximately 23,500 heads, located in Valcea county, SW Romania.
- **Premium Porc** has six pig farms with the capacity of approximately 380,000 pigs per year. The Danish-held Group has in Romania agribusiness, swine farming operations and livestock feed production facility. Premium Porc is currently investing 35 million EUR in order to build a sow farm in Braila county and a swine fattening farm in Sibiu county. Premium Porc plans to double its production of swine and feed by 2020 and considers organic growth, acquisitions, renovation or rebuilding of farms in order to achieve its goals



Pig Farms

Europig

www.sergianagrup.ro/europig/



Europig has a pig farm in Brasov county (Centre Romania) with the capacity of approximately 50,000 pigs per year.

Europig has a combined feed mill plant with the production capacity of 80 tonnes per day.

Europig is part of the Sergiana Group, owned by a Romanian businessman. The Sergiana Group manufactures meat products and bakery products and operates a chain of restaurants.

Europig has recorded a net turnover of 14.5 million EUR in 2015. The company has over 200 employees.

Nutrientul Group

www.nutrientul.ro



Controlled by a Romanian businessman, Nutrientul Group includes five pig farms (Nutripork SRL, Nutrisuin SRL, Nutritin SRL, Nutripig SRL and Select Pig SRL), two poultry farms and grain silos.

Nutrientul Group has a cumulated number of approximately 42,000 pigs. The pig farms are located in the Bihor county (NW Romania).

In 2015, the Group's five pig farms have recorded a cumulated net turnover of 18.2 million EUR and a total number of some 130 employees.



Pig Farms

APCPR (the Romanian Pork Producers Association) is the professional organization of breeders of pigs operating in Romania. Set up in 1991, APCPR currently comprises over 100 members engaged in pig breeding, slaughtering and pork processing, service providers and schools / research organisations related to the pork sector in Romania. Its main aims are to support increasing the pork production and the economic efficiency of its members.

www.apcporc.ro



In October 2017, the APCPR organises the 4th edition of CARNEXPO, the largest trade fair dedicated to animal breeding technologies and meat processing in SE Europe.

Poultry Farms - examples

- **Agrisol International RO** has eight poultry farms located in Prahova county, Southern Romania, with the cumulated production of approximately 18 million chickens per year. Furthermore, the company has pig farms.
- **Avicola Buzau**, part of Aaylex Group, has poultry farms with over 300,000 chickens, located in Buzau county, SE Romania.
- **Avi-Top**, part of the Romanian Group Kosarom, has poultry farms with approximately 6,500,000 chickens, located in Iasi county, NE Romania. The company has its own slaughtering facility with the capacity of around 4,000 chickens per hour. Avi-Top plans to invest over 3 million EUR in expanding its production capacity.
- **Safir Group** has two poultry farms with the cumulated capacity of 420,000 chickens
- **Transavia** has 15 poultry farms with 25 million chickens and two poultry breeding farms

Poultry Farms and Processors

Poultry meat production of main ten producers in Romania tonnes				
Company	2012	2013	2014	2015
Transavia	54,195	57,637	58,182	64,976
Avicola Buzau	21,307	25,422	46,082	53,677
Agricola International	43,074	44,227	46,559	45,622
Agrisol	23,228	22,628	22,922	24,406
Avicarvil	16,608	18,647	20,318	20,617
Ave Group	16,711	16,620	17,565	16,699
Oncos	8,267	9,598	9,379	13,264
Avicola Slobozia	10,479	11,775	11,757	12,856
Bravcod	8,937	9,052	9,379	12,611
Avicod Broiler	10,157	11,957	13,017	12,523
Total	212,963	227,563	255,160	277,251

Source: Association of Poultry Meat Producers in Romania

Suppliers to Animal Farms - examples



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Talea

www.sctalea.ro

Established in 1998, Talea distributes cow houses (Afibanat brand - manufactured in Romania), slurry tankers (Meprozet brand), loaders etc.

Talea has recorded in 2015 a net turnover of 0.5 million EUR. The company has some 10 employees.



Afibanat

<http://afibanat.ro>

Set up in 2007, Afibanat manufactures cow houses. Furthermore, the company imports and distributes feeding systems, the Lely Vector brand.

Its production plant is located in the Timis County (Western Romania).

The company distributes its products all over Romania.

Afibanat has registered a net turnover of 0.4 million EUR in 2015. The company has over 10 employees.

Suppliers to Animal Farms - examples



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Rota Guido Romania

www.rotaguido.it

Established in 2008, Rota Guido Romania is the local representative of the Italian manufacturer Rota Guido.

Its range of products includes: cow houses, piggeries, feeding systems, circulation of nutrients systems etc.

Rota Guido has participated at various international fairs, such as AGRARIA 2016 in Cluj Napoca, AGROFARM 2015 in Moscow, INDAGRA 2015 in Bucharest etc.

Evalis - Invivo NSA

www.evalis.ro

The international Group Evalis - Invivo NSA includes in Romania two main manufacturers of animal feed and premixes: Guyomarc'h Romania (with the plant located near Bucharest) and G A Nutritie Animala (with the plant located in the Bacau county - NE Romania).

In 2015, Guyomarc'h Romania and G A Nutritie Animala have recorded a cumulated net turnover of approximately 12 million EUR and a total number of some 70 employees.



Suppliers to Animal Farms - examples



PIC Romania

www.pic.com



Set up in 1998, PIC Romania provides pig genetics improvement solutions.

The company has a pig farm located near Bucharest.

PIC Romania has reached a net turnover of 1.6 million EUR in 2015. It has a team of some 20 employees.

Ferme Plus

<http://topignorsvin.ro>

Ferme Plus is the dealer in Romania of the swine genetics company Topigs Norsvin. Ferme Plus has a pig farm in Cazanesti, Ialomita county (Southern Romania).

Ferme Plus has recorded a net turnover of 3.7 million EUR in 2015. The company has some 50 employees.



Suppliers to Animal Farms - examples

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Javier Camara Est Europe

www.javiercamara.ro



Javier Camara Est Europe manufactures livestock equipment. Its production facility is located in Iasi (NE Romania). The company has attended various fairs such as: Agralim, Indagra etc.

Javier Camara Est Europe has recorded a net turnover of 0.5 million EUR in 2015. The company has around 10 employees.

Tour Impex Group

www.tig.ro/echipamente-zootehnice-ferme/

Set up in 1991, Tour Impex Group imports and distributes livestock solutions for cow, pig and poultry farms. One brand in its portfolio is Chapron Lemenager.

The company distributes its products all over the country and has over 30 employees.

Tour Impex Group has recorded a net turnover of 2.6 million EUR in 2015.



Dairy Production



In Romania, there are approximately 350 companies active in the sector of **Production of Dairy Products**.

According to FRD Center analysis, in the first eight months of 2016 compared to the same period of 2015, increases in dairy production in industrial facilities have been recorded for:

- | | | |
|---|---|-------|
| - | drinking milk: | +6.7% |
| - | cream: | +6.5% |
| - | acidified milk - yogurt, drinking yogurt, curd etc: | +5.1% |
| - | butter: | +6.4% |
| - | cheese products: | +9.5% |



Dairy Production



According to FRD Center analysis based on official statistic data, in 2015 compared to 2014, the following increases in production in industrial facilities in Romania have been recorded:

-	drinking milk:	+3.6%
-	cream:	+14.9%
-	acidified milk - yogurt, drinking yogurt, curd etc:	+14.8%
-	butter:	+5.7%
-	cheese products:	+9.4%

It is expected that in the next 2 - 5 years, local producers to continue to focus their out-put on cow milk dairy products mainly requested by the local market, such as white cheese - telemea, yellow cheese - cascaval and yoghurts, including sour cream and specialities such as kefir and sana.

Meat Processing

The local market of poultry meat is estimated by the market players at 356 million EUR.

The largest share of the poultry meat is sold as fresh or chilled.

The Romanian poultry processing industry remains on a positive trend for medium term, with continuous investment in production and processing technology, logistics and branding.

Furthermore, the poultry sector remains one of the most dynamic in the Romanian agriculture and food industry.

According to data published by the Association of Poultry Meat Producers, about 50-60% of total production of poultry meat is generated by ten poultry farms.

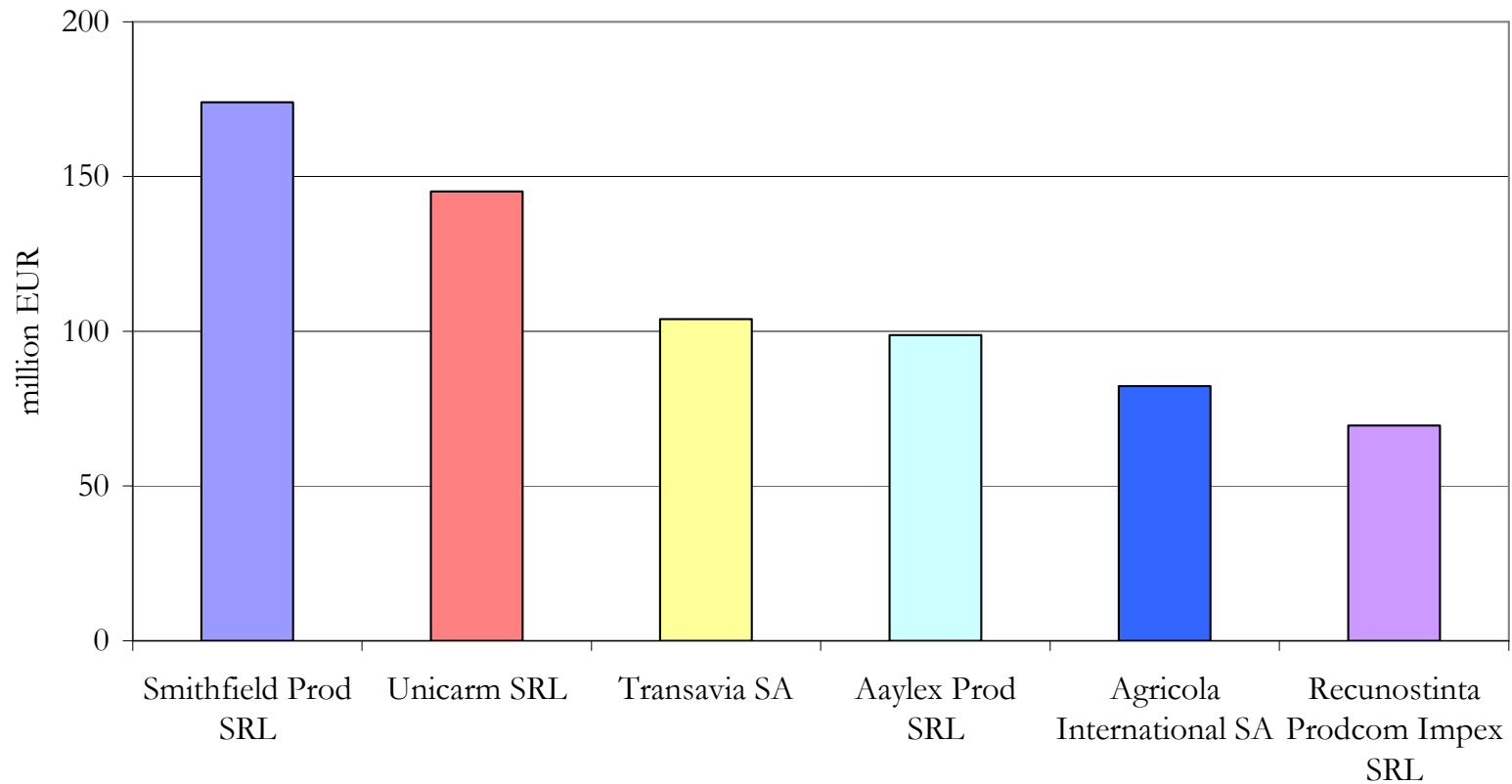
These are large and medium producers with deliveries ranging from 12,500 tonnes / year to 65,000 tons / year. Their total production amounted in 2015 to over 277 thousand tonnes.





Meat Processing

Net turnover of six meat processors in Romania in 2015

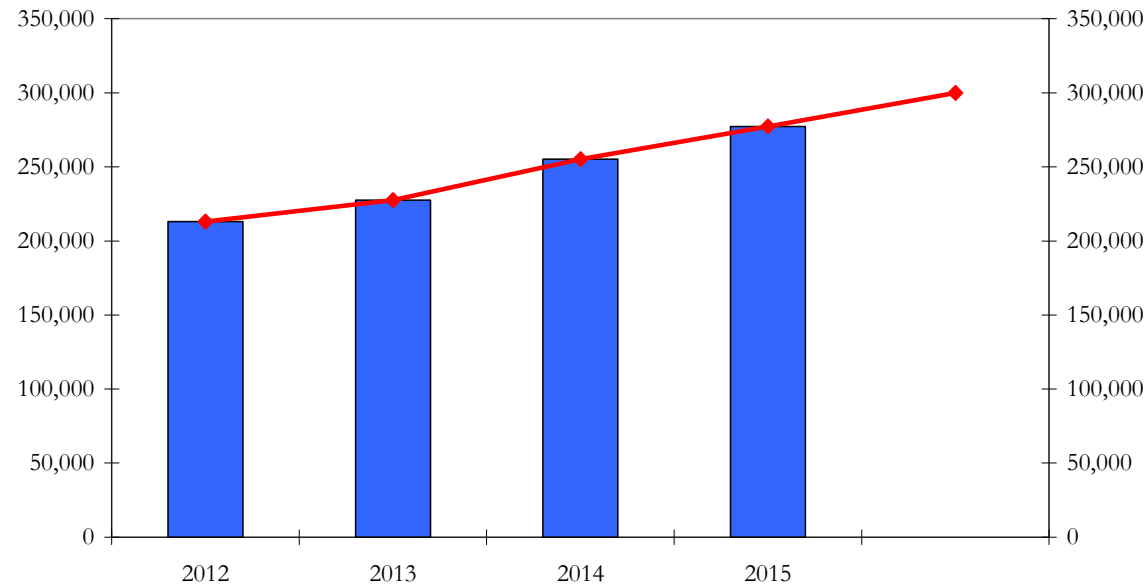


Source: Ministry of Public Finances, FRD Center



Poultry Production

Poultry meat production of main ten producers in Romania - tonnes



Poultry meat production of main ten producers in Romania	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
tonnes	212,963	+6.9	227,563	+12.1	255,160	+8.7	277,251

Source: Association of Poultry Meat Producers in Romania, FRD Center

Recent Investments – Pig farms

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In the last years, **Nutrientul Group** has invested EUR 5 million in the pig farms and EUR 3.5 million in the combined feed mill plant.

Kosarom Group, controlled by a private Romanian businessman, has announced plans to invest EUR 15 million in order to construct sow farms with the cumulated capacity of 7 000 heads. For the next years, Kosarom targets to expand the integrated production system, from raising pigs to feed production and meat processing.

Premium Porc Group, controlled by DCH International A/S Denmark, has finalised in September 2015 an investment of approximately EUR 23 million in order to modernise and expand its pig farms and to launch a combined feed mill plant in the Constanta county (SE Romania). Premium Porc Group plans to continue its development and targets to double its production by 2019.



Recent Investments – Meat processing

The meat processor, **Meda Prod 98**, one of the largest players on the market, expands with a new unit of raw-dried sausages production, an investment estimated at almost 3 million EUR and motivated by the increasing demand of the market for this type of sausages.

Since 2008, the owners have constantly invested in modernizing the plant and increasing production capacity.

Meda Prod 98 SA	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover <i>million EUR</i>	26.5	-13.6	22.9	11.8	25.6	15.6	29.6
Net profit <i>million EUR</i>	0.07	-14.3	0.06	1,566.7	1.00	160.0	2.60

Source: Ministry of Finance, FRD Center

Recent Investments – Meat processing

Salbac Bacau, part of **Agricola Group** opened recently a new production capacity for raw-dried salami, the result of an investment of 5 million EUR which was initiated in August 2015 and consists in raising a new production building with a surface of approximately 5,000 sqm.

The new production site allows an increase of 10% per year over the next three years, taking over the full production of the Sibiu Salami, of which an increasing market demand has been observed in the recent years.

Salbac SA	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover <i>million EUR</i>	18.4	8.2	19.9	5.0	20.9	23.0	25.7
Net profit <i>million EUR</i>	0.32	153.1	0.81	103.7	1.65	93.3	3.19

Source: Ministry of Finance, FRD Center

Recent Investments – Poultry

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Transavia, owned by a Romanian businessman, has invested 25 million EUR in 2015 in order to build 72 new poultry halls, to open a new poultry slaughterhouse with the capacity of 6,000 heads / hour, to extend the poultry production capacities, to purchase new equipment, to expand the production capacity of the compound feed plant by 70%, to modernise the water treatment stations and the ecological waste landfills.

Avi-Top, part of the Kosarom Group controlled by a Romanian businessman, has announced in 2016 plans to invest over 3 million EUR in expanding its poultry production capacity.

Avicola Buzau is part of Aaylex Group, controlled by two Romanian businessmen. In 2016 Aaylex Group has invested over 16 million EUR in the poultry farms, the poultry slaughterhouse and the feed production plant.

Recent Investments – Cattle

Cris-Tim, one of the main meat processors in Romania owned by two private businesspersons, has invested approximately 2.5 million EUR in 2015 in order to expand its cattle farm and to increase the dairy production capacity.

Agrimat Matca, which has a cattle farm in Galati county, SE Romania, has announced in 2016 an investment of over one million EUR in order to construct a new silo. Agrimat Matca is controlled by a Romanian businessman.





Announced Investments – EU funds

Leul din Sisesti has been selected in 2015 for the financing of a swine reproduction farm in Satu Mare county, NW Romania, within the National Rural Development Programme. The project's total eligible value is approximately 2.7 million EUR.

Tera Moiad has been selected in 2015 within the National Rural Development Programme for the financing of a bovine farm in Salaj county, NW Romania. The project has a total eligible value of approximately 2.2 million EUR.

Within the National Rural Development Programme, **PDC Grants** has been selected in 2015 for the financing of a development project of an animal and vegetal farm located in Ilfov county, near Bucharest. The project's total eligible value is approximately 2.3 million EUR.

Mixalim Impex has been selected in 2015 within the National Rural Development Programme for the financing of a modernising project of a poultry farm in Calarasi county, Southern Romania. The project has the total eligible value of around 2.1 million EUR.



For tailored sector data, B2B matchmaking with local players and market research in the sector, feel free to contact

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