

**Romania**

**Successful Company Acquisitions by Foreign Investors**

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A FRD Center analysis



## Introduction



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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 amplexness, 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. With a GDP growth of 5%, comparable only to Ireland, which is 4 times smaller, Romania might seem - and truly is - a good market for foreign and locally manufactured products. Strong democracy, stable political and banking systems, one of the fastest Internet speeds in the world, educated English speaking population.

Nevertheless, in spite of 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. Here are some facts on Romania that might be of interest to a foreign investor or manufacturer looking to acquire a local player and set up operations in Romania, thus accessing the EU market (510 million people) and relevant markets in Eastern Europe.



## Success case study 1: Dutch Nidera acquired United Shipping Agency

The Dutch grain trader Nidera, owned by COFCO China, has acquired in 2014 the domestic port operator United Shipping Agency, in a transaction worth 66.8 million USD. United Shipping Agency performs activities in the Constanta Port, the largest port in Romania.

FRD Center has monitored its performance since the acquisition and the company registered a TO 12.7% higher in the following year.

United Shipping Agency SRL	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover <i>million EUR</i>	10.5	+39.0	14.6	+24.0	18.1	+12.7	20.4

*Source: Ministry of Finance, FRD Center*

## Success case study 2: German Group Dalli acquired Detergenti SA

The German Group Dalli has entered the Romanian market in 2014 by acquiring the Procter & Gamble's domestic detergent factory - Detergenti SA, in a deal worth 37 million USD.

Procter & Gamble has acquired Detergenti SA in 1995 and the initial investment has exceeded 40 million USD.

FRD Center has monitored its performance since the acquisition by Dalli and the company registered a net profit 69.7% higher in the following year.

Detergenti SA	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net profit <i>million EUR</i>	3.6	+5.6	3.8	-13.2	3.3	+69.7	5.6

Source: Ministry of Finance, FRD Center

## Success case study 3: South African Group Metair acquired Rombat

The South African Group Metair has acquired in 2012 the Romanian battery producer Rombat in a transaction of 43 million EUR. Currently, Rombat has a production capacity of 2.8 million of batteries per year. The company produces batteries for Dacia, Renault, Peugeot and Nissan.

In September 2013, Rombat has launched a new production facility, following investments of approximately 18 million EUR. Rombat has invested 5 million EUR in 2015 in order to modernise its production facility. The company has budgeted investments of over 1.2 million EUR in 2016 in production, laboratory and IT equipment.

After a turnover growth of over 8% in 2015 compared to 2014, Rombat has recorded in the first nine months of 2016 an increase of its sales by 13% compared to the similar period of 2015.

Rombat SA	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover <i>million EUR</i>	67.1	+3.0	69.1	-6.9	64.3	+8.2	69.6

Source: Ministry of Finance, FRD Center

## Success case study 4: Ameropa acquired Azomures

Ameropa has acquired the domestic producer of chemical fertilizers Azomures in 2012.

Azomures is the leader of the chemical fertilizer market in Romania. The company has a production capacity of over 1.3 million tonnes of fertilizers per year.

In November 2015, Azomures has completed an investment of 240 million EUR in its urea production facility. The investment has been started in 2013. In 2016, Azomures has completed an investment of 10 million EUR in a new industrial water treatment plant.

FRD Center has monitored its performance since the acquisition by Ameropa.

Azomures SA	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover <i>million EUR</i>	410.5	-11.8	361.9	+4.5	378.2	+2.8	388.8
Net profit <i>million EUR</i>	54.8	-56.8	23.7	+16.5	27.6	+0.4	27.7

Source: Ministry of Finance, FRD Center



## Success case study 5: Turkish Group SiseCam acquired Glasscorp

The Turkish Group SiseCam has acquired the domestic glass producer Glasscorp in 2012, in a transaction of 3 million EUR. Glasscorp manufactures laminated windshields for Dacia, Renault, Volkswagen, Suzuki, Skoda, Mercedes, Ford, Opel or Fiat.

Following investments of 65 million EUR, in 2014, Glasscorp has inaugurated an automotive glass facility.

According to the FRD Center analysis based on official data, after a few difficult years the company's TO increased 383.3% in 2015 vs. 2014 and the company is performing well.

Glasscorp SA	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover million EUR	2.8	-28.6	2.0	-40.0	1.2	+383.3	5.8

Source: Ministry of Finance, FRD Center

## Success case study 6: South African Group Naspers acquired eMag

The South African Group Naspers has acquired in 2012 the biggest online retailer in Romania - Dante International (eMag). In 2015 eMag invested 48 million EUR in the technology and international development.

eMag has recorded a turnover growth of approximately 45% in the first nine months of 2016 compared to the same period of 2015.

FRD Center has monitored its performance since the acquisition by Naspers and the company registered a continuous double-digit turnover growth. With the boom of the online retail and e-commerce in Romania, the trend is expected to continue.

Dante International SA	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover million EUR	153.8	+22.3	188.1	+49.1	280.5	+36.4	382.7

Source: Ministry of Finance, FRD Center

## Success case study 7: Israeli Mediterranean Car Agency acquired Auto Italia

The Israeli company Mediterranean Car Agency has acquired the domestic automotive importer Auto Italia Impex in 2011, in a deal worth approximately 29 million USD.

Auto Italia Impex imports and distributes the following auto brands: Fiat, Alfa Romeo, Lancia, Maserati, Jeep and Abarth.

FRD Center has been observing the company's performance after the acquisition. In the recent years, the company's turnover registered a constant double-digit growth.

Auto Italia Impex SRL	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover million EUR	38.6	+8.0	41.7	+35.0	56.3	+33.9	75.4

Source: Ministry of Finance, FRD Center

## Success case study 8: Bongrain Group acquired Delaco Distribution

Bongrain Group has acquired in 2010 the majority stake, 52%, in the Romanian dairy company Delaco Distribution, in a transaction of around 10 million EUR.

Delaco Distribution produces dairy products and distributes international dairy brands. It was set up in 1996 as a family business with only 3 employees.

Currently, Delaco Distribution is one of the main dairy producers in Romania. Besides the dairy production activities, Delaco distributes international dairy brands, such as Zott, Milkana, Bongrain, Bergader, Lurpak, Castello or Arla.

Delaco Distribution SA	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover <i>million EUR</i>	46.5	+10.9	51.6	+13.0	58.3	+9.6	63.9
Net profit <i>million EUR</i>	0.35	+680.0	2.73	-42.1	1.58	+132.3	3.67

Source: Ministry of Finance, FRD Center

## Success case study 9: Spanish Investment Fund GED acquired Happy Tour

Spanish Investment Fund GED acquired the Romanian travel operator Happy Tour from the local businessman Nicolae Demetriade in 2007.

Currently, Happy Tour is one of the main travel operators in Romania. It provides services of leisure travel, corporate travel and MICE (meetings, incentives, conferences & events).

Happy Tour represents FCM Travel Solutions in Romania, Bulgaria and Turkey, being part of the worldwide network with local presence in 90+ countries. In 2016, Happy Tour was awarded the "Best Travel Agency of Romania" by TopHotel Awards.

Happy Tour SRL	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover million EUR	40.8	-10.3	36.6	+3.6	37.9	+15.6	43.8

Source: Ministry of Finance, FRD Center

## Success case study 10: Computer Generated Solutions (CGS) from USA acquired EasyCall

The US BPO provider Computer Generated Solutions (CGS) has entered the Romanian market in 2006, through the acquisition of the local provider of call-center services EasyCall, in a transaction estimated at 8 million EUR.

With approximately 2,300 employees, currently, CGS is the biggest outsourcing provider in Romania. It has six operating hubs in Romania and provides outsourcing services in 22 languages.

CGS Romania has clients in the following sectors: telecommunications, consumer goods, financial - banking, IT, pharma & healthcare, retail, tourism & hospitality, help desk. Some examples of clients are: Orange, Vodafone, Intersnack, Philips, ING Bank, Raiffeisen Bank, IBM etc.

Computer Generated Solutions Romania SRL	2012	2013 vs 2012 %	2013	2014 vs 2013 %	2014	2015 vs 2014 %	2015
Net turnover <i>million EUR</i>	29.0	+4.1	30.2	+3.0	31.1	+37.9	42.9
Net profit <i>million EUR</i>	4.8	+2.1	4.9	+28.6	6.3	+77.8	11.2

Source: Ministry of Finance, FRD Center



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