



# IT Distribution Sector in Romania

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A FRD Center analysis





## Introduction



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This presentation is produced by **FRD Center** – [www.frdcenter.ro](http://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, deal origination, B2B matchmaking, background checks on players, M&A consulting services, competitive analysis to foreign companies interested to enter Romania and the emerging markets in Europe as investors or joint-ventures, to acquire a local player, to relocate their operations 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](http://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 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 4.8% - 5.6%, comparable only to Ireland, which is 4 times smaller, Romania might seem - and truly is - a good market for foreign and locally manufactured products, as well as a good production base.

Purchasing power went up 12% y-t-y in 2016 in Romania.

Strong democracy, stable political and banking systems, ***one of the fastest Internet speeds in the world, educated English speaking population.***



## IT Sector in Romania

Romania's IT sector has seen continuous growth over the past decade – it is one of the most dynamic sectors in the Romanian economy. The business in the sector increased by an average 15% in recent years and will continue to grow at a fast pace in the next years.

According to the National Statistics Institute (INS), in 2015, the Romanian IT&C sector contributed 5.6% to the national GDP. In Q1 2016, its share increased to 6.1%.

The combined business of the software and IT sector in Romania will exceed EUR 4 billion in 2017, according to the study "Software and IT Services in Romania," launched by ANIS (National Association of Software Industry), together with PAC. In 2016, the turnover of this industry went up by 11.3% compared with 2015.

Romania is the 6th country in the world regarding the number of certified IT specialists per capita, ahead of UK, Germany and Canada, thanks to its educational system that favours multilingual and technical skills.

According to market players, Romania's IT&C sector will increase to 12% of the GDP in 2025, from a current value of 6.1%

## IT Distribution Market in Romania

In 2007, the Romanian IT Distribution Market was estimated at approx. EUR 600 million, having registered an annual growth rate of 20-30% in the previous years.

In 2014, Romania's IT&C distribution market was estimated at about EUR 800-900 million and was considered the 4<sup>th</sup> most important in the region

The Romanian IT Distribution Market has a huge potential for growth, while being extremely competitive

The top 30 players on the local IT & C distribution market recorded in 2015 a total turnover of EUR 939.7 million

According to market analysts, until 2018, the IT distribution revenues in the CE Europe will increase with 20%, to reach some EUR 18 billion.

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## M&A in the Romanian IT Distribution Market

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Recently, the Czech IT distributor, **Alef Group**, has entered the Romanian market through the acquisition of local company Likeit Solution.

The Romanian firm recorded a turnover of EUR 28m in 2016.

Considering the dynamics of the Romanian IT distribution market, the amount invested by the Czech company in this transaction is expected to be recovered over the next 3-5 years.

**ABC Data Group** started its operations on the Romanian market in 2010 through its collaboration with SCOP Computers S.A. in which it had shares.

In 2013, ABC Data S.A. has sold its stake in this company and begun trading directly through ABC Data Distribution S.R.L., a new company based in Bucharest.

The current owner of **Network One Distribution** bought off its partner's shares in the company in 2012 and is currently sole owner of the firm.

## IT Distribution Market Players in Romania



Some of the most successful players on the Romanian IT distribution market are Network One Distribution, Gersim Impex, Elkotech Romania, ABC Data Distributie, IT SMART Distribution, Royal Computers, Vitacom Electronics and IT Direct.

According to the FRD Center analysis based on official data, in 2016 their cumulated sales figure exceeded 584 mEUR, some 11% higher than in 2015.

Some of these companies are part of regional groups, others are independent companies set up by Romanian business people.

Their product range is very diverse and includes surveillance cameras, smartphones, peripherals, tablets etc.



## IT Distribution Players in Romania: Network One Distribution

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Set up by a group of Romanian entrepreneurs in 2002, Network One Distribution is currently one of the most important IT distributors in Romania.

The company has over 3,000 clients. Its portfolio includes an extensive range of IT&C products, from components, peripherals and accessories, to integrated services of infrastructure and software.

Their partners are over 100 brands, some of which globally renowned, such as ADATA, Allied Telesis, Bitdefender, Chieftec, Epson, Gigabyte, IBM, Microsoft, Nexans, Spire etc.

Additionally, they develop own brands.

In 2016, Network One Distribution has recorded a net turnover of EUR 221m, which according to the FRD Center analysis is up by 6% compared to 2015.



## IT Distribution Players in Romania:

### Gersim Impex



Established in 2002, Gersim Impex is one of the main IT distributors in Romania. They position themselves as the leader of the mobile phones distribution market in Romania.

Some of the brands in its portfolio are: Samsung, Lenovo, LG, Sony, Alcatel etc.

Starting with June 2017, Gersim Impex will distribute the complete range of TP-Link Neffos brand products from the smart home category, meaning wireless IP surveillance cameras, sockets, smart light bulbs and switches, accessories as well as smartphones recently launched in Romania.

Gersim Impex has reached a net turnover of EUR 191m in 2016, up by 14% compared to 2015, due to the 20% y-t-y growth of the Romanian mobile terminals and smartphones market.



## IT Distribution Players in Romania:

### Elkotech Romania



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Elkotech Romania is specialised in the distribution of a wide range of IT equipment and solutions.

It is part of the Latvian Group ELKO, one of the largest IT product wholesalers and IT solutions and services distributors in Eastern Europe.

Some examples of brands in its portfolio are: acer, Asus, Lenovo, Kingston, Microsoft, Toshiba, Getac, Optoma, Optex, Seagate, Supermicro, Mustek etc.

In 2016, Elkotech Romania has registered a net turnover of EUR 62m, which according to the FRD Center analysis is up by 15% compared to 2015.



## IT Distribution Players in Romania: ABC Data Distributie



ABC Data Distributie, part of the Polish Group ABC Data, is a dynamic IT distributor on the Romanian market.

It provides access to the local resellers in over 1,000 brands and approximately 220,000 products including Consumer Electronics and Hardware.

Some examples of brands in its portfolio are: Acer, Apple, AsRock, Asus, Cisco, Dell, Fujitsu, HP, Intel, Lenovo, MSI, Packard Bell, Samsung, Sony, Supermicro, Toshiba etc.

ABC Data Distributie has registered a net turnover of EUR 53m in 2016, which according to the FRD Center analysis represents a 18% growth compared to 2015.





## IT Distribution Players in Romania: IT SMART Distribution



Established in 2012, IT SMART Distribution is specialised in the distribution of IT products.

Also, the company positions itself as a Value Added Distribution and Consultancy Company for Information Technology Hardware and Services.

Some of its suppliers are: Epson, HP, Lenovo, Bitdefender, Toshiba, Kyocera, APC etc.

In 2016, IT SMART Distribution has reached a net turnover of EUR 28m, which according to the FRD Center analysis represents a growth of 10% compared to 2015.

## IT Distribution Players in Romania: Royal Computers

The logo for FRD center, featuring the text "FRD center" in a bold, sans-serif font. The "FRD" is larger and more prominent, with "center" underneath it. The logo is set against a background of several curved, overlapping lines in shades of yellow and orange, suggesting a dynamic or energetic feel.

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Royal Computers distributes a wide range of IT equipment and solutions.

The company aims to be one of the market leaders of the IT peripherals distribution in Romania.

Some brands in its portfolio are: Cooler Master, A4 Tech, D-Link, ADATA, Cyber Power, AKAI, Zeppelin, Colorful, APC, ASROCK, Cellular Line, Compro Technology, Eneloop, Gembird, Intellinet, Kensington, JNC, Logilink, Mustek, ZYXEL etc.

Royal Computers has recorded a net turnover of EUR 14.5m in 2016, up by 2% compared to 2015 according to the FRD Center analysis.

The logo for Royal Computers, featuring the word "Royal" in a large, bold, purple font. The letter "y" is stylized with a white outline and a shadow effect. Below "Royal" is the word "COMPUTERS" in a smaller, bold, purple font.

Royal  
COMPUTERS

## IT Distribution Players in Romania: Vitacom Electronics

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The Romanian IT distributor Vitacom Electronics was founded in 1991.

They are among the top importers, distributors of electronic and electrical products and accessories in Romania.

Some of the company's partners are: Nedis, Bandridge, Konig, HQ, GP Batteries, CyberPower, Maxell, Legrand and Pro's Kit.

In 2016 Vitacom Electronics has recorded a net turnover of EUR 9.5m, which according to the FRD Center analysis represents a growth of 16% compared to the previous year.



## IT Distribution Players in Romania:

### IT Direct



IT Direct distributes a wide variety of IT equipment and solutions, accessories, video displays, peripherals etc.

The company also sells on-line via its website.

Some examples of brands in its portfolio are: Toshiba, Corsair, SilentiumPC, Seagate, HGST etc.

IT Direct has registered a net turnover of EUR 6m in 2016, up by 9% compared to 2015 according to the FRD Center analysis.





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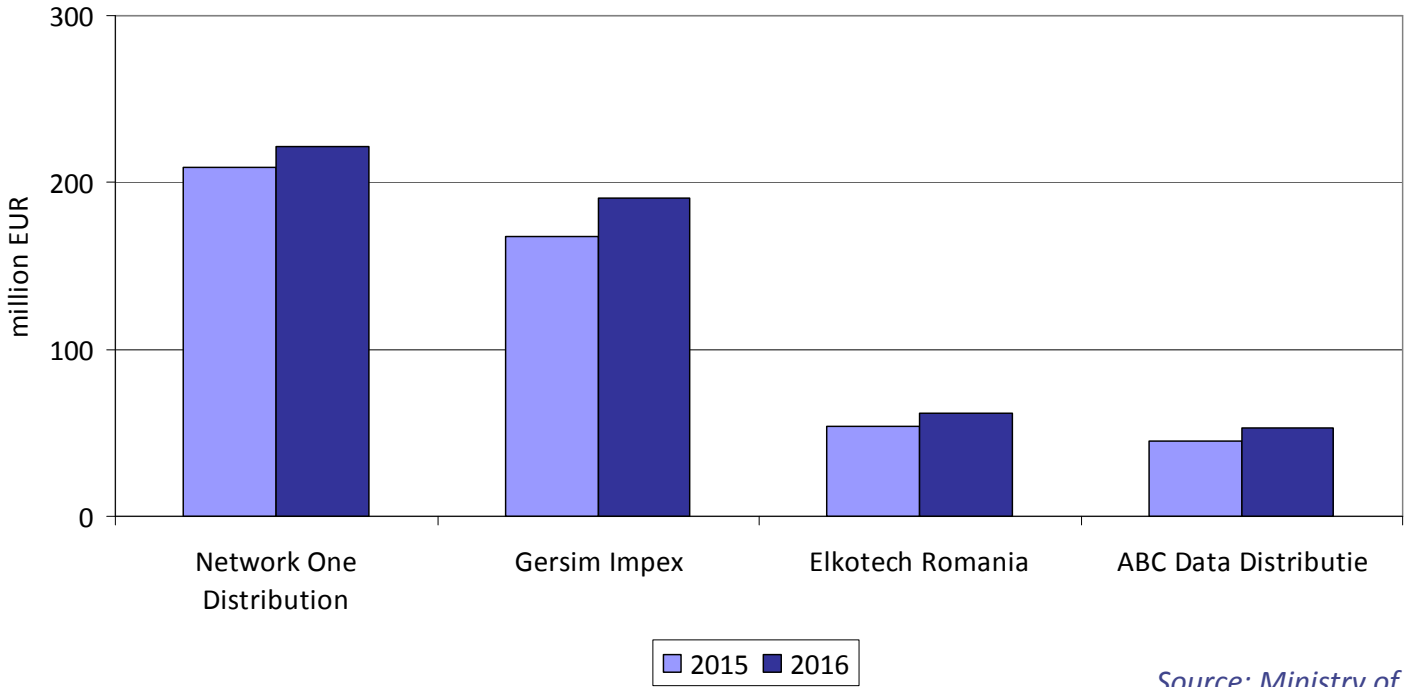


# Development of IT Distributors in Romania



FRD Center assists strong local companies with overseas expansion through crossborder acquisitions in other markets in CE and SE Europe, as well as worldwide

Net turnover dynamics of IT distributors in Romania



Source: Ministry of Finance, FRD Center

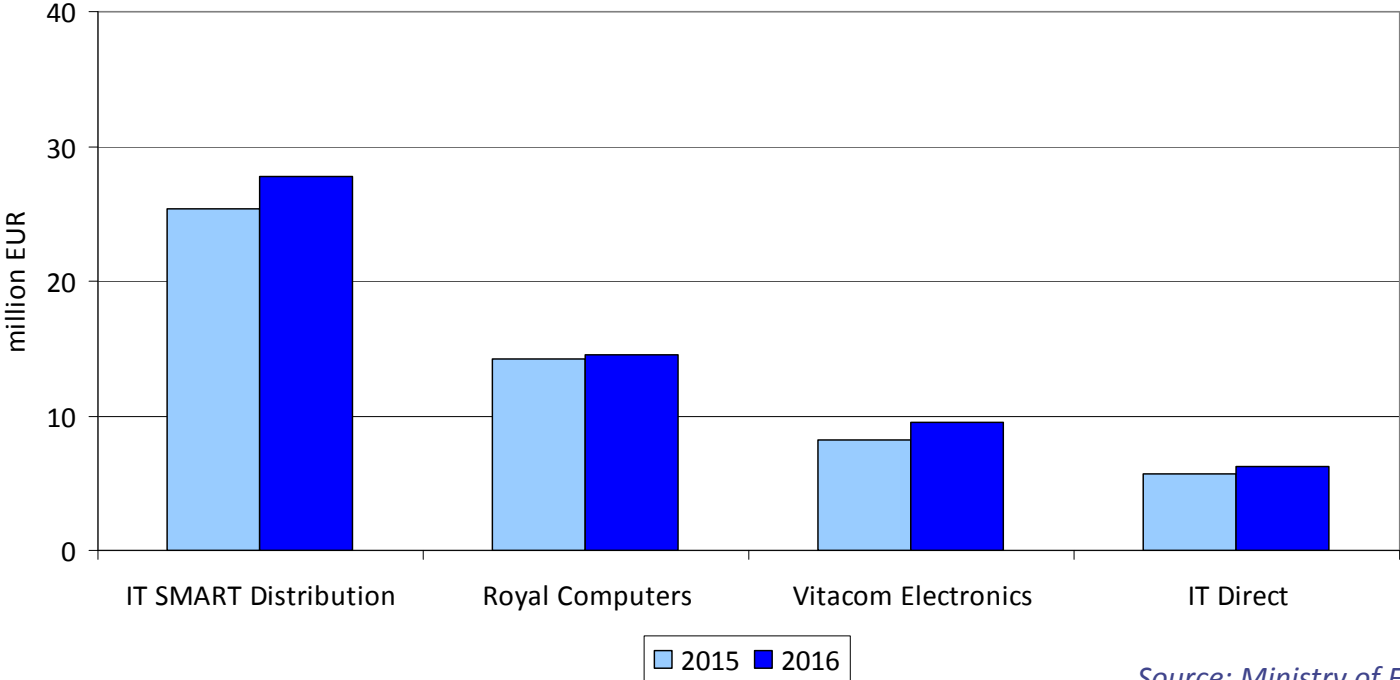


# Development of IT Distributors in Romania



FRD Center is constantly monitoring the development of IT Distributors in Romania, facilitating access of potential foreign investors to the company's ownership

Net turnover dynamics of IT distributors in Romania



Source: Ministry of Finance, FRD Center



## Conclusion



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Are you a foreign investor / IT distribution group looking to enter the Romanian and regional market through an acquisition of a Romanian player?

Are you a Romanian / regional strong player looking to expand internationally through acquisitions in other markets or looking to attract a foreign investor and grow your company?

Perhaps we can collaborate.

As one of the pioneer privately owned market entry advisory firms in Romania, operating for over 15 years in this market, FRD Center has high competencies in buy-side advisory and is quite well placed to assist foreign buyers with their Deal Origination and Acquisition Target Search in Romania and the region. FRD Center has been assisting foreign investors with their acquisition target origination in Romania and has operated under several buy-side mandates.

Also, based on sell-mandates from local company owners, FRD Center assists Romanian players with attracting foreign buyers and investors for their companies, thus growing their operations at the next level.



For an offer of tailor-made market research and intelligence, deal origination, B2B matchmaking, background checks on players, competitive analysis, M&A consulting services in Romania and the region, contact:



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