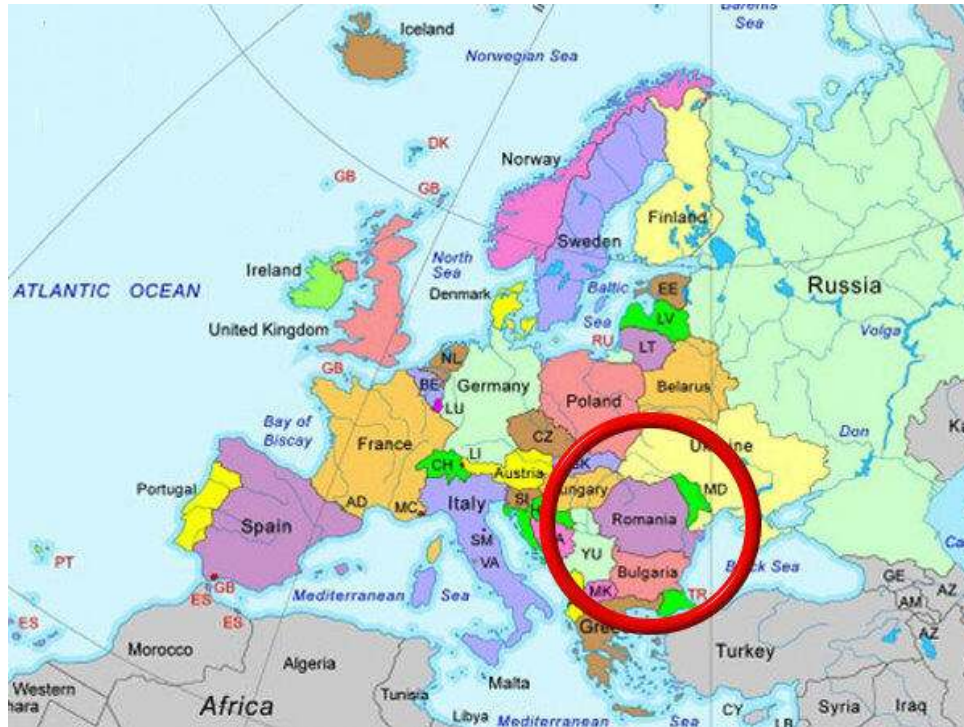


MARKET AND INVESTMENT OPPORTUNITIES IN ROMANIA – Q3 2012



KEY SECTORS OF POTENTIAL OPPORTUNITY

1. COSMETICS, BEAUTY PRODUCTS & PERSONAL CARE
2. HOME CLEANING PRODUCTS
3. AGRICULTURAL EQUIPMENT AND FARM MACHINERY
4. GREENHOUSES
5. PAINTS
6. FOOD PRODUCTION
7. MEDICAL DEVICES
8. HEALTH SERVICES
9. ELECTRICAL MOTORS & INSULATION MATERIALS
10. INDUSTRIAL AUTOMATION & SYSTEM INTEGRATION



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- identification and qualification of B2B distributors, importers, suppliers etc.
- product presentation and assessment of interest from clients / partners
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Sources consulted for this report: business mass media, the companies, official sources



1. COSMETICS, BEAUTY PRODUCTS & PERSONAL CARE

a) Sector brief

The Romanian market of beauty and personal care products showed growth in 2011, continuing the y/y expansion registered in the last years.

The beauty and care market in Romania was estimated at over 950 million EUR in 2011 and the forecasts on the sector's development are optimistic. The retail chains are forecasted to play a significant role in the sector's future development, with plans for expansion in small towns accessible to surrounding rural communities.

The beauty and personal care in Romania is dominated by big multinationals: L'Oreal, Beiersdorf, Procter&Gamble.

One significant local cosmetics producer is Farmec Cluj Napoca. The company plans for 2012 to grow its exports by 40% and to increase the production of private label products. Also, the firm intends to invest some 0.6 million EUR in technological upgrades in 2012.

Farmec recorded a turnover of 26.2 million EUR in 2011, up by 15.6% compared to 2010. In the first five months of 2012, the company registered a turnover of 11.5 million EUR.

The company's best-selling product ranges outside Romania are Gerovital H3 and Gerovital H3 Evolution, both anti-aging products, and also Gerovital Plant and AslaVital.

According to published data by Nielsen, on the domestic market of baby diapers, in the first nine months of 2011, Pampers, Bella Baby Happy, Pufies, Libero and the private brands dominated the Romanian market, recording together 98.6% of the market in volume and 98.7% in value.

The baby diapers were mainly sold in hypermarkets, supermarkets and discount stores (72% in volume and 69.2% in value) and pharmacies (11.4% in volume and 12.4% in value) in the first nine months of 2011.

The imports of essential oils and resinoids, perfumery, cosmetic or toilet preparations in Romania recorded some 542 million USD in 2011, up by some 9.2% compared to 2010.

The Romanian imports of soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, dental waxes and dental preparations with a

basis of plaster in 2011 registered some 358 million USD, this representing an increase by approx. 8% compared to 2010.

Some recently launched cosmetics, beauty products & personal care products on the Romanian market are:

- Hair care products Schauma Mint Fresh and Schauma Cream & Oil produced by Henkel.
- Sensodyne Repair & Protect Whitening, a toothpaste with the Novamin technology, distributed by GSK
- Touch Antibacterial Foam Soap distributed by Apollo Mod Distribution. The product is available in package of 500 ml.
- Palmolive Orient Rituel shower gel, in two variants: Energy and Joyous, produced by Colgate Palmolive. The products are available in package of 500 ml.

b) Opportunities: INGREDIENTS, NEW BRANDS, RETAIL, PACKAGING, MERCHANDISING, QUALITY CONTROL



2. HOME CLEANING PRODUCTS

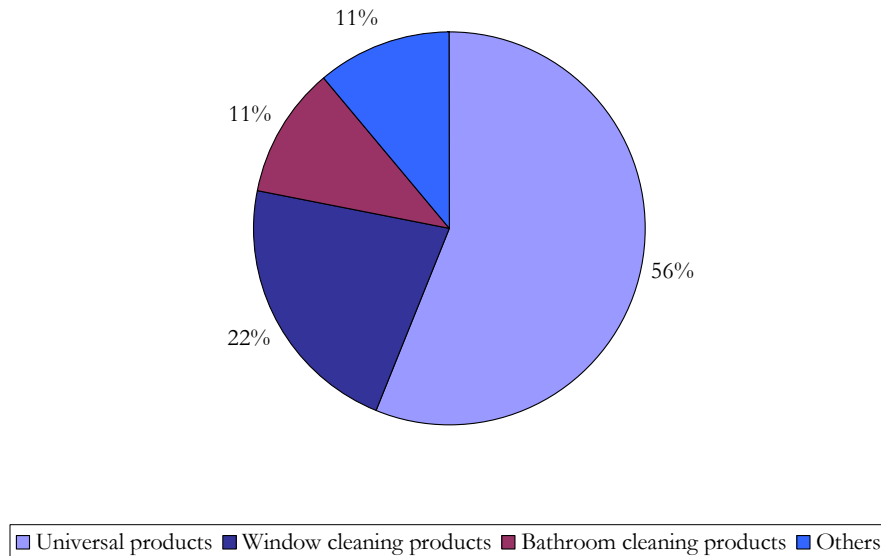
a) Sector brief

The Romanian market of the disinfectant products is estimated at some eight million EUR. The WC disinfectants have the biggest percentage on this market.

The most powerful brand on the Romanian market of cleaning products with disinfectant proprieties is Domestos, produced by Unilevel.

The market of the home cleaning products (that includes also the disinfectant cleaning products) recorded an increase by 13% in 2011 compared to 2010.

Romanian market of home cleaning products, by categories



Source: Magazinul Progresiv

According to data published by Nielsen, in the category of the universal cleaning products, in 2011, Colgate Palmolive, Reckitt Benckiser, Procter&Gamble, Unilever and the private brands dominated the Romanian market, recorded together 78.8% of the market in volume and 74.5% in value. In the category of surfaces cleaning products, Procter&Gamble, Johnson Wax, Sano Bruno’s, Eureka Hellas / Interstar and the private brands recorded together 76.3% of the Romanian market in volume and 82.2% in value in 2011.

Some recently launched home cleaning products on the Romanian market are:

- Nufar Disinfectant Gel WC produced by the local manufacturer Farmec. The product is available in package of 1,000 ml.
- Persil Black Expert liquid detergent for black and dark clothes, produced by Henkel. The detergent is available in packages if 1.46 l and 2.92 l.
- Pur Pure & Natural dishwashing detergent, in three variants: Black Orchid, Magnolia and Lemon Flower, produced by Henkel. The products are available in packages of 500 ml and 750 ml.

b) Opportunities: NEW BRANDS, RETAIL, MERCHANDASING, PACKAGING, QUALITY CONTROL, MARKETING, CHEMICALS

3. AGRICULTURAL EQUIPMENT AND FARM MACHINERY

a) Sector brief

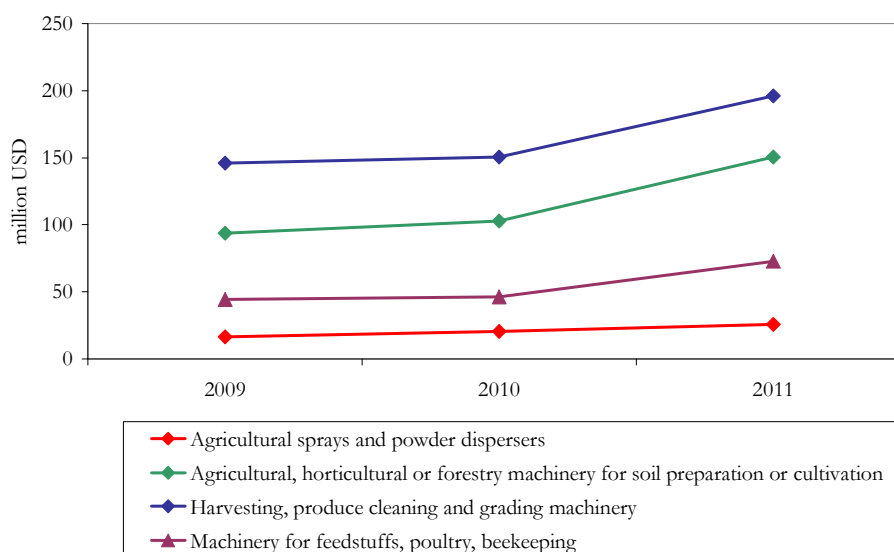
In the recent years, an increase in the acquisition of imported agricultural machines and equipment has been recorded in Romania, mainly thanks to the EU funds available. For instance, the market of harvesting combines has doubled in the last 5 years.

The Measure 121: Modernisation of Agricultural Holdings within the Axis 1: Improving the competitiveness of agricultural and forestry sector of the National Rural Development Programme 2007 – 2013, finances investments for the acquisition of tractors, agricultural machinery and other equipment specific to the vegetal and animal sectors, through public assistance (EU and national) and private co-financing. By 16 June 2012, within the Measure 121 in Romania, 2,333 projects with the public value of 966,733,436 EUR have been approved.

Y/y increases of the Romanian imports of agricultural equipment in 2011 were recorded for the following categories:

- machinery for feedstuffs, poultry, beekeeping: approx. 57%
- agricultural, horticultural or forestry machinery for soil preparation or cultivation: approx. 46%
- harvesting, produce cleaning and grading machinery: approx. 30%
- agricultural sprays and powder dispersers: approx. 26%

Imports of agricultural equipment in Romania

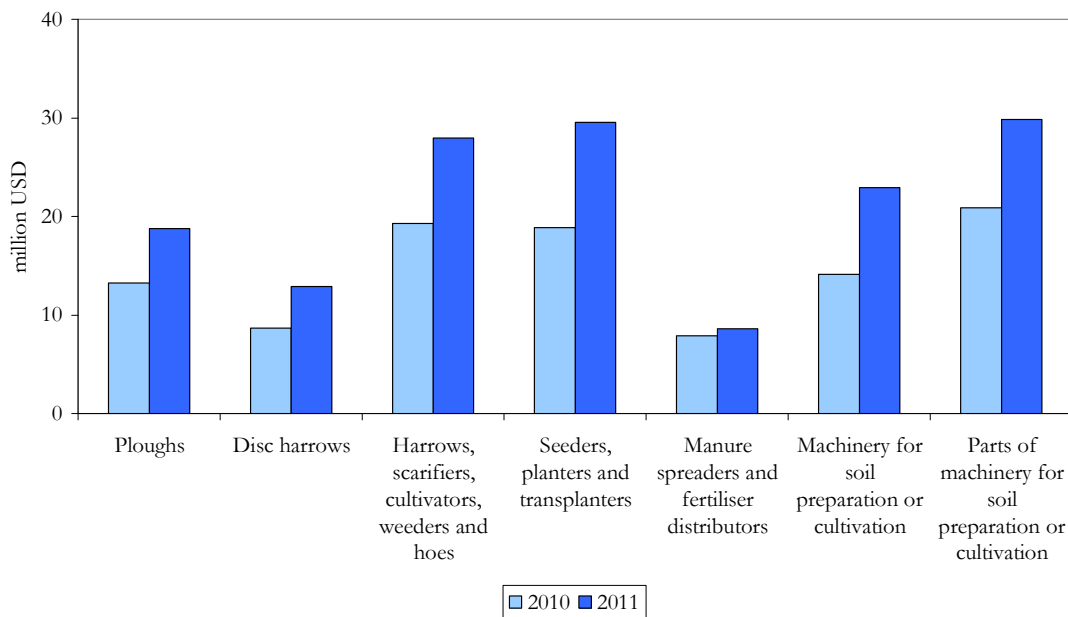


Source: Romanian Center for Trade and Investment

In the category of agricultural, horticultural or forestry machinery for soil preparation or cultivation, increases of the imports in 2011 compared to 2010 were recorded for the followings:

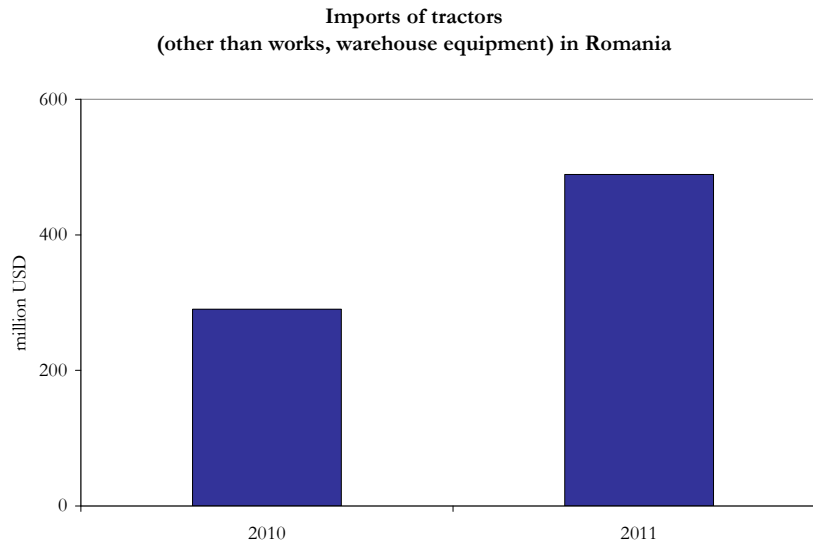
- Machinery for soil preparation or cultivation: approx. 62%
- Seeders, planters and transplanters: approx. 56%
- Disc harrows: approx. 49%
- Harrows, scarifiers, cultivators, weeders and hoes: approx. 45%
- Parts of machinery for soil preparation or cultivation: approx. 43%
- Ploughs: approx. 42%
- Manure spreaders and fertiliser distributors: approx. 9%

Imports of agricultural, horticultural or forestry machinery for soil preparation or cultivation in Romania, by categories



Source: Romanian Center for Trade and Investment

The imports of tractors (other than works, warehouse equipment) in Romania recorded some 490 million USD in 2011, up by 69% compared to 2010.



Source: Romanian Center for Trade and Investment

b) Opportunities: TECHNOLOGY, EQUIPMENT, TOOLS, BRANDS, QUALITY CONTROL

4. GREENHOUSES

a) Sector brief

According to the Ministry of Agriculture and Rural Development, the surface covered with greenhouses in Romania was of 486 hectares in 2011.

The majority of the greenhouses in Romania are covered with glass. The main areas with greenhouses in Romania are located in the Galati, Ilfov, Dolj, Olt, Arad and Bihor counties.

In regards to the technology level, a surface of some 225 hectares of greenhouses was equipped with irrigation and heating control installations in Romania in 2011, according to the Ministry of Agriculture and Rural Development.

An increase in the construction of modern greenhouses equipped with modern installations was recorded in Romania in the last years, mainly thanks to the EU funds available.

The EU funds are mainly used by producers of vegetables that construct new modern greenhouses or equip and modernise their greenhouses with automated heating and humidity systems, laminates for thermal insulation, renewable energy sources etc.

b) Opportunities: TECHNOLOGY, EQUIPMENT, TOOLS, IRRIGATION, QUALITY CONTROL



5. PAINTS

a) Sector brief

The Romanian manufacturer of building materials Duraziv launched in 2012 a new production line for decorative paints and coatings with the production capacity of 50,000 tonnes per year in Popesti Leordeni (near Bucharest).

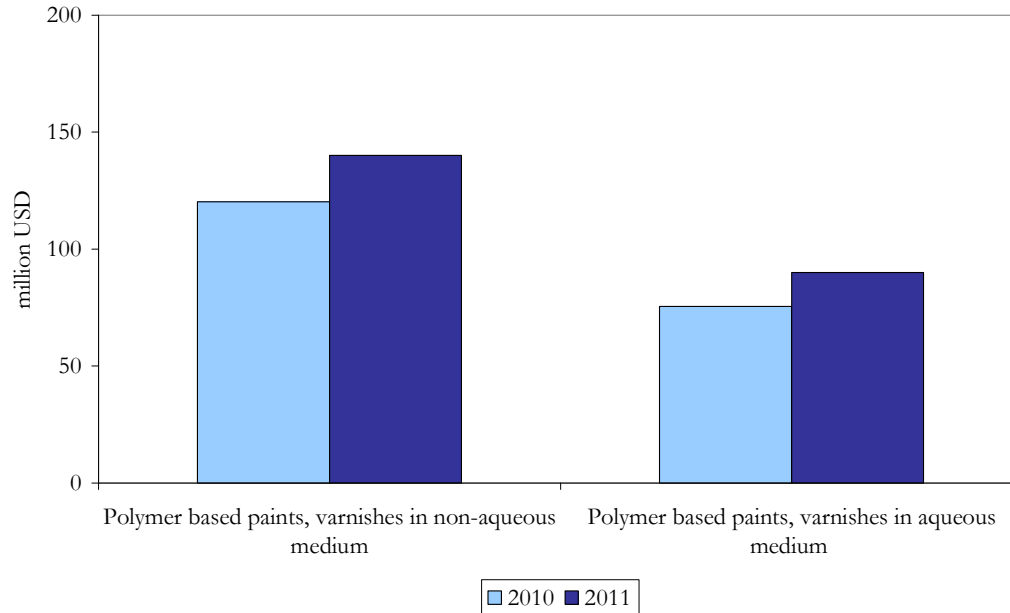
The total investment in the production of paints and coatings was of some two million EUR. For 2012, Duraziv estimates that its sales of paints and plasters will record 3.5 million EUR, up by 75% compared to the previous year.

The producer of paints and varnishes Policolor estimates that its turnover will increase by 10% in 2012 compared to the previous year, based on the diversifying of the product portfolio and the opening of new stores. In 2011, the company recorded a turnover of 88.5 million EUR.

The imports of polymer based paints, varnishes in non-aqueous medium in Romania recorded some 140 million USD in 2011, up by approx. 16% compared to 2010.

The imports of polymer based paints, varnishes in aqueous medium in Romania registered some 90 million USD in 2011, this representing an increase by approx. 19% compared to the previous year.

Imports of paints in Romania



Source: Romanian Center for Trade and Investment

b) Opportunities: RAW MATERIALS, BRANDS, TECHNOLOGY, EQUIPMENT, PACKAGE, QUALITY CONTROL

6. FOOD PRODUCTION

a) Sector brief

A number of 139 food producing companies in Romania have registered in 2010 a turnover of min. 10 million EUR. Their total TO in 2010 is more than 4.8 billion EUR.

According to the National Institute of Statistics, in May 2012, the carcass weight of the slaughtered animals and poultry in Romania was as following:

- Cattle: 8,355 tonnes
- Pigs: 26,233 tonnes
- Sheep and goats: 4,797 tonnes
- Poultry: 29,710 tonnes

In May 2012 compared to May 2011, the total number of slaughtered pigs and their carcass weight increased by 3.5% and by 8.2% respectively.

According to the National Institute of Statistics, in the first five months of 2012 compared to the similar period of 2011, the production of cheese products, including the cheese obtained exclusively from cow's milk increased by 5.9% and the production of butter increased by 1.4%.

The biggest producer of yogurt in Romania is Danone. In 2011, the company invested 16 million RON for the modernisation of its yogurt plant in Bucharest. In 2011, Danone collected 65 million of fresh milk from 57 local farms. For 2012, Danone intends to launch new products and to expand its distribution network.

The dairy products of the local producer Napolact received prizes for quality from international juries.

The Numa' bun yogurt and Branza de Năsal (cheese) produced by Napolact received the gold medal from the jury of Monde Selection - International Institute for Quality Selections in the category of food products. Also, the Numa' bun yogurt and Branza de Năsal (cheese) received from iTQi (International Taste & Quality Institute), within the prizes "Superior Taste Award", the distinction "remarkable product" and respectively "exceptional product".

Some recently launched food products on the Romanian market are:

- Zuzu skimmed milk for silhouette and diets, 0.1% fat, produced by the local manufacturer Albalact.
- Lapte Covasit (milk) produced by the local manufacturer Covalact. The product is available in PET package of 900 g.
- Hero Baby biscuits for infants distributed by Superfood Company. The product is available in package of 190 g.
- Mia Family Dessert - pudding with yogurt and lemon tart produced by FrieslandCampina.

At the beginning of May 2012, the local dairy manufacturer Albalact launched the campaign "Daily Dairy Dose" with the purpose to raise the awareness on the importance of the milk consumption for a healthy life.

b) Opportunities: INGREDIENTS, RAW MATERIALS, BRANDS, EQUIPMENT, TOOLS, PACKAGING, QUALITY CONTROL, M&A

7. MEDICAL DEVICES

a) Sector brief

The market of medical equipment in Romania increased significantly in the past years, as the general level of the health spending increased and new diagnostic equipment was purchased for the hospital refurbishments.

According to published information by Espicom, the Romanian market for medical equipment and supplies is estimated at 373 million USD in 2011. Around 90% of the medical device market is supplied by imports.

These have risen sharply in recent years, as the general level of health spending increases and new diagnostic equipment has been purchased for hospital refurbishments. Decreases were seen in all imports categories in 2009, but increases were recorded in 2010 and 2011.

The Romanian market for medical equipment and supplies is expected to grow by an average of 8.9% during the period 2011 – 2016, according to published information by Espicom. This will bring the market to around 571 million USD by 2016.

b) Opportunities: EQUIPMENT, DEVICES, TOOLS, PACKAGING, QUALITY CONTROL, SOFTWARE



8. HEALTH SERVICES

a) Sector brief

The public healthcare funding in Romania is largely through the National Health Insurance Fund. The healthcare provision is predominantly managed by the state.

Romania spends some 5.6% of GDP on public healthcare.

The private medical services market is one of the fastest developing markets in Romania. Two significant providers of private medical services in Romania are MedLife and Medcover.

MedLife opened in December 2011 an Orthopaedic Hospital in Bucharest following investments of 8.5 million EUR. Also, in 2011, MedLife entered the national program of the in-vitro fertilisation sustained by the Ministry of Health in Romania. MedLife announced an investment programme of 52.1 million EUR for the period 2011 - 2015, that will be sustained through credits and own funds.

Medcover Romania, part of the Swedish Group Medcover, has launched at the beginning of 2012 its first hospital in Romania, following investments of some 20 million EUR. For the first year of activity, Medcover estimates that the hospital will generate four million EUR in revenue. Medcover Romania intends to expand its activity on the segment of the medical clinics both in Bucharest and other cities in Romania the future, including through acquisitions.

It is envisaged that the private health system will continue to expand and develop, while the public medical facilities continue to invest public funds and EU money in improvement and refurbishment of facilities, acquisition of modern equipments, devices, chemicals, training of staff etc.

b) Opportunities: FACILITIES, EQUIPMENT, CONSUMABLES, SOFTWARE, LABORATORY, PRIVATE HEALTH INSURANCE, CHEMICALS

9. ELECTRICAL MOTORS & INSULATION MATERIALS

Production of electrical motors, transformers and generators has a long tradition in Romania.

Some significant producers of electrical motors in Romania are:

- Bega Electromotor, part of the Bega Group, produces three-phase electric motors, single-phase electric motors, electric motors for lifting equipment, motors for washing machines, special electric motors and pumps. The majority of the company's production is exported. Bega Electromotor is listed on the Bucharest Stock Exchange.
- Electroprecizia produces electrical motors, electrical and electronic equipment for auto vehicles, tools etc. The electrical motors produced by Electroprecizia and

delivered on the external markets generated 90% of the company's turnover in 2010. The company's main client is ABB Asea Brown Bovevi. According to the company's representatives, Electroprecizia manufactures some 4% of the European production of electrical motors and some 1% of the world production of electrical motors.

- Ana Imep produces electric motors for white appliances, motors for automotive equipment etc. At present, Ana Imep exports some 97% of its production. The company's main market is represented by the European Union. Some of the company's business partners are Indesit, Fagor, Vestel, Franke, Valeo and Behr.
- UMEB manufactures electrical motors and generating sets. The company's clients are from the following sectors: mining, chemical, petrochemical, food, textile, metallurgical, construction materials, wood exploitation, processing industry etc. UMEB exports some 60% of its motor production to countries such as: Italy, Germany, Finland, Spain, UK etc.

In Romania, there are various importers and distributors of electrical insulation materials used for the production of electrical motors. Some of the main brands of insulation materials distributed in Romania are DuPont and Isovolta.

b) Opportunities: EQUIPMENT, DEVICES, TOOLS, TECHNOLOGIES, QUALITY CONTROL



10. INDUSTRIAL AUTOMATION & SYSTEM INTEGRATION

With the growing demand, the presence of large foreign companies and the accession of EU funds, the local plants have started to invest in technologies and modern and efficient equipment. Practically, the level of automation has increased steadily in Romania.

The increasing trend of the automation level has also determined the appearance of innovations in the specific technology, especially in terms of innovations in integrated solutions that have a large impact in terms of efficiency.

Some recent examples of investments in the sector are:

- The meat producer Smithfield Prod implemented in its factory in Timis the Meridian Project: a system for monitoring the electricity consumption in real time for proper and efficient management of resources.
- The system integrator Genesys Systems implements within the edible oil producer Prutul a management activity solution, based on a Microsoft Dynamics CRM platform.
- The sugar producer Agrana Romania intends to continue in 2012 the automation of the production in its factory in Buzau through the acquisition of industrial robots and other assembly equipment with the purpose to increase the productivity and quality.
- The system integrator Mikon Systems implemented an automation system of the wastewater treatment plant of the beer producer Ursus

b) Opportunities: CONSULTING, EXPERTISE, TECHNOLOGY, EQUIPMENT, TOOLS, AUTOMATION, KNOW HOW

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