



# ROMANIAN MARKET REPORT

“To speculate is human, to hedge is ... divine”

May 28<sup>th</sup>, 2008

USD / RON Rate	2.3409	0.0102			Capital Market Indexes		Day ch.
EUR / RON Rate	3.6716	(0.0015)					
Interest Rates	BUBID	(+ / -)	BUBOR	(+ / -)	BET	7,471.16	+0.79%
Over-Week	9.97	0.01	10.47	0.01	BET-C	5,280.21	+0.18%
Three-Month	10.75	0.05	11.25	0.05	BET-FI	54,658.27	-0.25%
One-Year	10.62	0.03	11.37	0.03	RAQ I	3,651.27	-0.87%
	15.14		Issued	28-May	RAQ II	7,057.47	0.37%

## Macroeconomics, Sector evolutions

**Raiffeisen Bank Research: Romanian economy increased by 7.5%.** In Q1 2008, our economy remained on a high level, namely 7.5% versus Q1 2007, according to a quarterly Raiffeisen Bank Research rapport. Real estate segment amounted to 32.2% and had the most important contribution to the economic expansion. The second place is taken by retail

sector, 15.9% increase versus Q1 2007, followed by industry reaching a 5.4% increase, according to Raiffeisen analysts. (Bursa)

**Autumn crop could lower inflation.** The markup average could decrease by 1% on condition that 2008 were a favorable economic year. (Adevarul)

## Currency, Money & Financial Markets

**Omniasig: 68% increase.** Omniasig, the second player on the insurance market, concluded Q1 2008 by RON 322mln (EUR 90mln) turnover, 68.5% higher versus Q1 2007. The rise in the company subscribed gross premiums amounted to 16.8%. In Q1 2008, the insurance market reached RON 2.38mln (EUR 645mln) allowing Omniasig to obtain almost 14% market stake. (Ziarul Financiar)

**Alpha Bank Romania doubled its gross profit and increased its market stake.** In Q1 2008, Alpha Bank Romania increased its gross profit by 102.4% versus Q1 2007, up to EUR 17mln, according to a bank rapport. Between January–March 2007, the bank had recorded EUR 8.4mln

gross profit. In Q1 2008, its operational profit increased by 62.8% up to EUR 35mln versus Q1 2007. (Business Standard)

**Credit Expo in Constanta.** Credit Expo, the first loan fair in Romania will be opened between June<sup>27</sup>-June<sup>29</sup> 2008, at the Constanta Art Museum. This is to gather the latest loan offers of the banks, leasing and credit banks, non-banking financial institutes and loan brokers in town. (Ziua)

**EUR 600,000 losses for ATE Bank in Q1 2008.** ATE Bank Romania concluded Q1 2008 by EUR 600,000 net loss following EUR 100,000 net profit in Q1 2007. (Ziarul Financiar)

## IT&C, Infrastructure, Utilities

**Alain Thys, Future Lab: on long term, retail market could reach EUR 134bn.** The local retail could achieve this goal on condition that

Romanian market approaches the Western European markets level, according to Alain Thys, managing partner of the Belgium

consultancy company Future Lab. (Ziarul Financiar)

**Large hydro production.** Between January – May 2008, hydro-electric stations Portile de Fier I and II produced and provided 3bn kilowatts hour to the National Energy System. (Ziua)

**CET Iasi, on the verge of bankruptcy.** In 2007, CET, a thermal power provider recorded RON 6mln losses. In 2008, the losses are to reach RON 57mln. Although in 2007 the unit seemed to straighten, the perspectives are somber for 2008. (Ziarul de Iasi)

**Petrotel-Lukoil refinery recorded EUR 28mln losses.** In 2007, Petrotel – Lukoil refinery

recorded EUR 28mln (RON 93.6mln) net loss versus a EUR 26mln (RON 91.7mln) net profit in 2006, according to a company rapport. In 2007, the company recorded EUR 1.06bn (RON 3.56mln) turnover, 16% lower versus EUR 1.26mln (RON 4.4mln) in 2006. (Ziarul Financiar)

**IDC: In Q1 2008, PC market increased to almost 300,000 units.** In Q1 2008, the Romanian PC market increased by 37.1% as regards the sold units, according to an IDC (International Data Corporation) market survey. The sales amounted to \$ 257.1mln (EUR 171.8mln), 41% higher versus Q1 2007. (Ziarul Financiar)

### Privatization Process, Investments

**Azora Spain is to invest EUR 500mln in real estate business.** Private equity company Azora Spain owns EUR 3bn investment capacity and is to invest around EUR 500mln in developing real estate projects on the local market until 2013. The company's shareholder structure is formed of pension funds, banks and private investors. (Ziarul Financiar)

**Flanco World in Arad.** On May 28<sup>th</sup> 2008, Flamingo International, electronic, home

appliances and IT&C retailer is to open a Flanco World store following a EUR 1.5mln investment. (Ziua)

**EUR 50mln industrial park in Salonta.** The Dutch investor, CTP invest signed a lease contract for an industrial park with the Madaras City Hall. This is the fourth location of the Dutch company in Romania and the second in the Western Europe. The total investment amounts to EUR 50mln. (Bursa)

### Corporate News

**Electrotel (ELOZ), increased turnover.** In Q1 2008, producer of equipments for electricity distribution recorded a 71% rise in turnover, up to RON 5.951mln versus Q1, according to a company press release. (Ziarul Financiar)

ELOZ	RON pr	ch	EPS	Sales 07 mil USD	NPr 07 mil USD	Mk cap mil USD
28-May	14,80	0,00%	0,0666	10,97	0,02	5,53
ELOZ	RON pr	PER	Npr/Sales 06/05	Sales 07/06 mil USD	NPr 07/06 mil USD	Div yld 07
05/21/2008	14,80	222,08	0,00	10,84%	-79,55%	0,00%

**Rombat Bistrita could increase its equity by EUR 11mln.** Car batteries producer Rombat Bistrita could rise its equity by RON 42.5mln (around EUR 11mln), from RON 1.51mln to RON 44.02mln. The increase is to be achieved by issuing over 17 million new shares, RON 2.5/share face value. (Ziarul Financiar)

**Poultry producer Agroli, 72% increase.** In Q1 2008, one of the main poultry local producers recorded a 72% rise in its sale versus Q1 2007 following an investment in farms and in capacities of poultry processing. For 2008, the

company representatives estimate a 35% increase in sales versus 2007. (Ziarul Financiar)

**Euro Trading Chemicals sold 7.2% out of Amonil (AMO) within 2 days.** Between May 26<sup>th</sup> and 27<sup>th</sup> 2008, Euro Trading Chemicals, one of the main shareholders of the fertilizers producer Armonil Slobozia (AMO) sold a package of 80 million shares, representing 72% out of the company equity. The trading value amounted to EUR 1.65mln. (Ziarul Financiar)

AMO	RON pr	ch	EPS	Sales 07 mil USD	NPr 07 mil USD	Mk cap mil USD
28-May	0,08	41,95%	0,0063	35,73	2,88	40,21
AMO	RON pr	PER	Npr/Sales 06/05	Sales 07/06 mil USD	NPr 07/06 mil USD	Div yld 07
05/21/2008	0,06	13,40	0,08	-	142,45%	0,00%

**Contor Group expects a 60% higher net profit.** For 2008, water meters producer Contor Group Arad estimated a RON 3.6mln (around EUR 1mln) net profit, 60% higher versus 2007. The company turnover is expected to increase by 16%, up to RON 54.87mln (EUR 15.2mln). (Business Standard)

**Apemin Tusnad invests EUR 1mln in promotion.** In 2008, mineral water bottler Apemin Tusnad is to invest EUR 1mln in promotion. In 2007, the company recorded around EUR 13mln turnover, 41.5% higher versus 2006. (Ziarul Financiar)

**COMCM (CMCM) increased equity by EUR 6mln.** General construction of buildings and civil engineering works company shareholders have approved dividing the face value of COMCM shares, from RON 2.5/ share to RON 0.1/ share, listing the company at the Bucharest Stock Exchange and a RON 21,770.570 increase in its equity. (Bursa)

CMCM	RON pr	ch	EPS	Sales 07 mil USD	NPr 07 mil USD	Mk cap mil USD
28-May	17,40	-0,11%	9,4184	18,56	3,09	5,94
CMCM	RON pr	PER	Npr/Sales 06/05	Sales 07/06 mil USD	NPr 07/06 mil USD	Div yld 07
05/21/2008	17,42	1,85	0,17	71,57%	80,66%	0,00%

**Vodafone: EUR 558mln EBITDA results, 11% higher.** In 2007/2008 fiscal year, Vodafone, the second player on the local mobile telephony market, recorded a EUR 558mln operating profit, 11% higher versus 2006/ 2007 fiscal year. Vodafone total incomes amounted to EUR 1.18bn. (Ziarul Financiar)

**Somaco (SOMZ) intends to sell its branches in Buzau, Roman and Adjud.** Construction materials producer Somaco Bucuresti (SOMZ) is to sell the 3 branches, together with the land plots, buildings, equipments and supplies. The final decision will be taken by its shareholders on June 24<sup>th</sup> 2008. (Ziarul Financiar)

SOMZ	RON pr	ch	EPS	Sales 07 mil USD	NPr 07 mil USD	Mk cap mil USD
28-May	7,75	-4,72%	0,4367	25,96	1,30	24,09
SOMZ	RON pr	PER	Npr/Sales 06/05	Sales 07/06 mil USD	NPr 07/06 mil USD	Div yld 07
05/21/2008	8,13	17,75	0,05	19,85%	73,24%	0,00%

**AFI Development, 60% increase.** In Q1 2008, AFI Developments, subsidiary of Africa-Israel Investments, recorded a 60% increase in its gross profit. In Q1 2008, the gross profit amounted to EUR 44.2mln, versus EUR 27.6mln in Q1 2007. The incomes recorded EUR 3.3mln increase. (Business Standard)

**Chimopar Bucuresti (CPR) aims to penetrate real estate market.** Manufacturer of other inorganic basic chemicals, Chimopar Bucuresti, intends to start real estate business. At June 2<sup>nd</sup> 2008 General Assembly, they are to decide the sale of a 72,000sqm land plot in Bucharest to Vinci Construction, the company selected for developing a real estate project. (Bursa)

CPR	RON pr	ch	EPS	Sales 07 mil USD	NPr 07 mil USD	Mk cap mil USD
28-May	5,95	25,79%	-0,5702	10,90	-2,17	23,58
CPR	RON pr	PER	Npr/Sales 06/05	Sales 07/06 mil USD	NPr 07/06 mil USD	Div yld 07
05/21/2008	4,73	-10,43	-0,20	-3,07%	92,18%	0,00%

**Nanette, \$ 1.29 gross profit.** In Q1 2008, the Dutch equity real estate developer Nanette Real

Estate Group recorded a EUR 1.29mln gross profit, versus EUR 0.3mln in 2007. Furthermore, the incomes amounted to EUR 9.4mln versus EUR 3.6mln in Q1 2007. (Bursa)

**Dream Team Capital Management increased its equity 2.5 times.** Investment consultancy

company Dream Team Capital Management increased its equity by almost 2.5 times, up to RON 170,000, following the increase in its clients number, announced the company on May 27<sup>th</sup> 2008. (Bursa)

### Capital Market

**CIM Harghita to be unlisted.** CIM Harghita Miercurea Ciuc ([CIMA](#)), general construction of buildings and civil engineering works company will start delisting procedures, following the shareholders decision to turn the company into a “closed company” within the April 29<sup>th</sup> 2008. Furthermore, the company shareholders decided to buy the 1,148.150 CIMA shares owned by SIF Transilvania Brasov. (Bursa)

CIMA	RON pr	ch	EPS	Sales 06 mil USD	NPr 06 mil USD	Mk cap mil USD
28-May	0,19	-3,59%	0,0177	0,35	0,05	0,68
CIMA	RON pr	PER	Npr/Sales 06/05	Sales 06/05 mil USD	NPr 06/05 mil USD	Div yld 06
05/21/2008	0,20	10,63	0,15	9,92%	181,88%	0,00%

**Rasdaq companies are looking for investors on Bucharest Stock Exchange (BSE).** More and more issuers on the former electronic market intend to transfer on the main BSE market. Until

Rasdaq reshaping, dynamic companies are reorienting to become more visible. Starting January 2008, Dafora Medias ([DAFR](#)) and VES SA Sighisoara ([VESY](#)) have penetrated the second BSE category. (Adevarul)

DAFR	RON pr	ch	EPS	Sales 07 mil USD	NPr 07 mil USD	Mk cap mil USD
28-May	0,30	-0,43%	0,4403	121,01	5,98	4,24
DAFR	RON pr	PER	Npr/Sales 06/05	Sales 07/06 mil USD	NPr 07/06 mil USD	Div yld 07
05/21/2008	0,30	0,68	0,05	124,20 %	63,57%	0,00%

VESY	RON pr	ch	EPS	Sales 07 mil USD	NPr 07 mil USD	Mk cap mil USD
28-May	0,16	-2,50%	0,0063	17,71	0,22	5,76
VESY	RON pr	PER	Npr/Sales 06/05	Sales 07/06 mil USD	NPr 07/06 mil USD	Div yld 07
05/21/2008	0,16	24,59	0,01	0,42%	-47,28%	0,00%