



LARIVE
INTERNATIONAL

ROMANIA

A promising newcomer in the EU

Larive. Your partner in emerging markets



LARIVE provides professional advisory services / support for business development:

- ◆ Mergers, acquisitions and joint ventures
- ◆ Strategic or financial partner search
- ◆ General market research and market overview
- ◆ Feasibility studies, investment memoranda, due diligence (co-ordination)
- ◆ Project finance (structural funds and other similar subsidies, bank finance)
- ◆ Management consulting

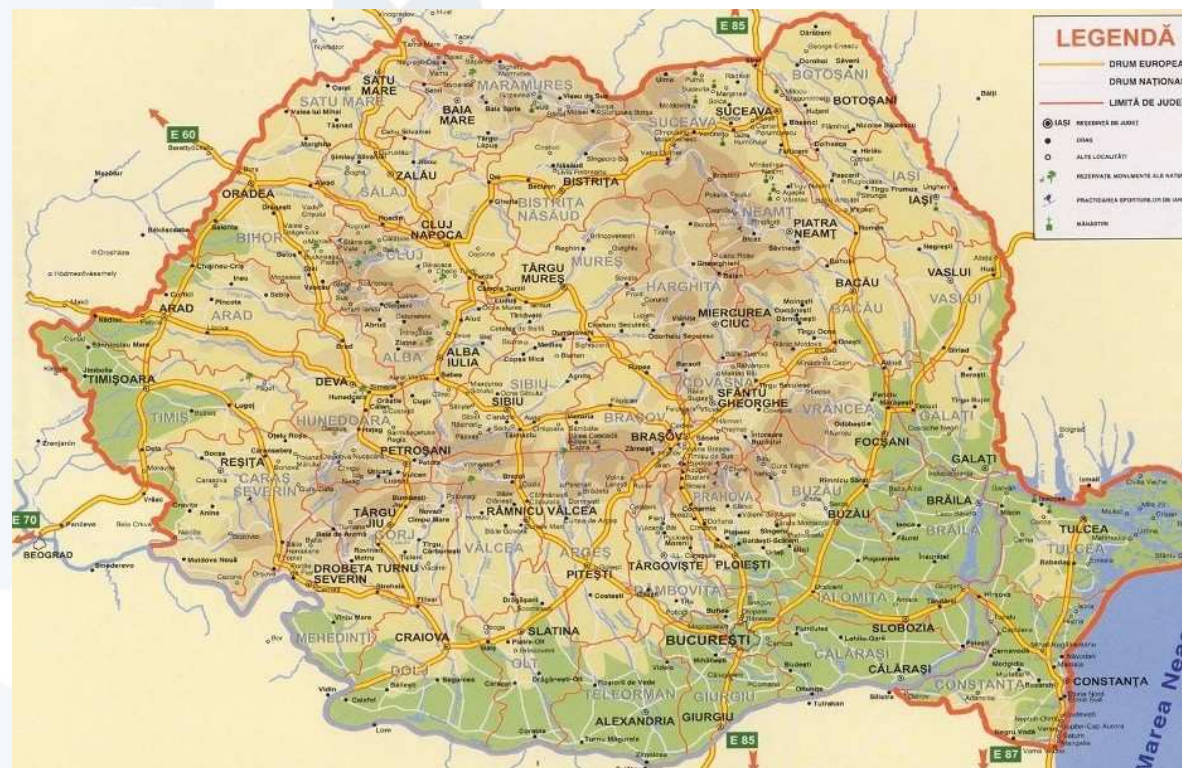


Geo-strategic position





Romania – road / city map





Basic country facts

| | |
|-----------------------------|----------|
| ◆ Population (2007 est.) | 22.3 mln |
| ◆ GDP (2007) | 118 bn € |
| ◆ GDP per capita (2007) | 5,291 € |
| ◆ GDP growth (2007) | 6.1 % |
| ◆ Average gross wage (2007) | 420 € |
| ◆ Inflation (2007) | 6 % |
| ◆ Unemployment (2007) | 4.4 % |
| ◆ FDI stock (end of 2007) | 38 bn € |



SWOT Analysis (1) - Strengths

- ◆ European Union and NATO member state
- ◆ Macroeconomic stability
- ◆ Second largest market in the CEE region, after Poland
- ◆ Crucial geographical positioning - a gateway between East and West of Europe
- ◆ Skilled, low-cost labor force with an acceptable level of basic education
- ◆ Existence of important natural resources



SWOT Analysis (2) - Weaknesses

- ◆ Unsophisticated market
- ◆ Old technologies / high production costs
- ◆ Insufficient and degraded infrastructure / reduced accessibility within and outside the country
- ◆ Inefficient agriculture
- ◆ Underdeveloped tourism infrastructure and unfit marketing strategy
- ◆ Underdeveloped administrative capacity



SWOT Analysis (3) - Opportunities

- ◆ Incentives granted by central and local authorities
- ◆ Available investment sources, including Structural and Cohesion Funds (33 bn € until 2013)
- ◆ Romania as tourist attraction - niche tourism
- ◆ Potential regional logistic hub for CEE
- ◆ Agricultural modernization
- ◆ Environmental protection projects



SWOT Analysis (4) - Threats

- ◆ Possible capital outflows due to international turmoil
- ◆ Non-rigorous structural reforms
- ◆ Bigger exposure to competition on globalised markets
- ◆ Migration of skilled / educated persons to higher income countries (Italy, Spain, Germany)
- ◆ Migration of some industrial sectors (e.g. textiles) to external locations with lower labour costs



Legal entities types

- ◆ Limited liability company (SRL)
- ◆ Joint stock company (SA)
- ◆ General partnership (SNC)
- ◆ Limited partnership (SCS)
- ◆ Limited partnership by shares (SCA)
- ◆ Representative office
- ◆ Branches and subsidiaries
- ◆ Joint venture (JV)



Trade Fairs

- ◆ Important mean for presenting products by direct contact to a large public, for exchanging ideas, negotiation contracts, finding business opportunities
- ◆ More than 350 fairs are organized annually by over 70 companies, Chambers of Commerce, professional associations and public organizations.
- ◆ The largest venue for fairs is Bucharest having a dedicated facility owned by Romexpo



Trade fairs hosted by ROMEXPO

- ◆ **INDAGRA FOOD** - International exhibition of equipment and products in the fields of agriculture and animal husbandry www.indagra-food.ro
- ◆ **TIBCO** - Bucharest International Fair for Consumer Goods www.tibco.ro
- ◆ **TIB** - Bucharest International Technical Fair www.tib.ro
- ◆ **INDAGRA FARM** - International exhibition of equipment and products in the fields of agriculture, animal husbandry and food industry www.indagra.ro



Business opportunities (some ideas)

- ◆ Agro and food industry
 - ◆ Canned food products
 - ◆ Ready-meals
 - ◆ Frozen seafood products
- ◆ Beverage industry
 - ◆ Energy drinks
- ◆ Logistical services
 - ◆ Cold storage warehousing facilities



EU Structural Funds in Romania

- ◆ Financial allocation 2007 – 2013 is **EUR 32.1 billion**
- ◆ Sectors of investment: Industry, Agriculture, Transport, Environment, Regional Development, Technical Assistance and Human Resources
- ◆ Possible areas of interest:
 1. **Industry** – Assistance for creating, extending and upgrading industrial facilities for Large and SME companies
 - ◆ Correspondent to Priority Axis 1 – “**An innovative and eco – efficient productive system**” (financial allocation 2007 - 2013 is EUR 2,240 million)
 2. **Agriculture** - Assistance for agro – food projects
 - ◆ Correspondent to Measure 121 – “**Modernization of agricultural exploitations**” (financial allocation 2007 – 2013 is EUR 793 million)
 - ◆ Correspondent to measure 123 – “**Increasing the added value of agriculture and forestry products**” (financial allocation is EUR 857 million)



Investments in production facilities for SME and Large companies

- ◆ **Some of the eligible investments:**
 - ◆ Establishment of a new production site
 - ◆ Expansion of an existing site
 - ◆ Diversification of the production of an existing site
 - ◆ Modernization of the company production equipment
- ◆ **Some of the eligible expenditures:**
 - ◆ Economic and Technical consultancy services for elaborating the project (10% of the eligible investments)
 - ◆ Purchase land plot (10% of the eligible investments)
 - ◆ Construction works (50% of the eligible investments)
 - ◆ Purchase of machine and equipments
- ◆ **Grant dimension** (the grant value varies according to the geographical region), up to:
 - ◆ Small investments for SME - EUR 250 thou
 - ◆ Large investments for SME – EUR 1,5 million
 - ◆ Investments for large companies - EUR 5 million



Agro – food sector – Modernization of agricultural exploitations

- ◆ **Segments of intervention:**
 - ◆ Vegetables segment: vegetables, fruit trees and bushes, field crop, grape – vine
 - ◆ Animal breeding sector: cattle for milk and meat, porcinis, sheep and goats, birds
- ◆ **Some of the eligible investments:**
 - ◆ Construction and modernization of buildings used for agricultural production, internal road infrastructure
 - ◆ Construction and modernization of taurine farms for milk
 - ◆ Purchase of agricultural equipment (tractors, harvesters, machines etc.) and transportation means necessary in the production activity
 - ◆ Establishment of fruit trees, strawberries, grape-vine plantations
 - ◆ Investments for the durable / enduring production – energy from renewable sources
 - ◆ etc
- ◆ **Grant dimension** value varies, according to the applicant, from EUR 1 mil to EUR 2 mil:
 - ◆ Standard applicant – EUR 1 million (50% of the project eligible value) +bonus (extra % of subvention) based on different criteria related to applicant /type of project



Agro – food sector – increasing the added value of the agriculture and forestry products

- ◆ **Segments of intervention:**
 - A. **Agriculture and food sector**
 - ◆ Priority sectors: milk and dairy products, meat and meat products, cereals, vegetables, fruits
 - ◆ Other eligible sectors: sugar beet processing, bakery, sweets and sugar products, dairy products, homogenized alimentary products, diet food, production / usage of renewable energy
 - B. **Forestry sector** – the primary production of wooden and non – wooden products
- ◆ **Some of the eligible projects:**
 - ◆ New constructions and modernization of buildings for the production process and storage facilities (including en – gross cold storage)
 - ◆ Purchase of new machine tools, installations, equipments and transportation means + many others (for details please contact us!)
- ◆ **Grant dimension** value varies, according to the applicant (Microenterprises, SMEs and Associations), from EUR 2 million up to EUR 3 million.



Type of assistance that Larive Romania can provide

- A. Preliminary analysis of the project and application chances to get the subsidy
- B. Drawing up the application and dossier requested for non – reimbursable funds raising (filing in the Financing Application, Feasibility Study, Business Plan, Cost – Benefit Analysis, Market – Study)
- C. Assistance for project management over the implementation
- D. Others – Clients assistance for preparing procurement documents



Case study 1 - Fokker entry in Romania

- ◆ 2002: Fokker (member of Stork Group) decided to investigate the option to produce in Romania (low labor cost environment + a/c industry well developed)
- ◆ LARIVE in depth investigated all the 4 main local players, made a strategic recommendation ref business development in Romania and advised Fokker ref deal structure, co-operation and negotiation with Aerostar, Dutch subsidies for RO



Case study 2 - Campina entry in Romania

- ◆ 1999 – Campina (at that time exporter to RO) decided to approach more structural the RO
- ◆ LARIVE made a full market research and entry strategy recommendations, searched for strategic partners / possible acquisition or JV targets, negotiated the terms of co-operation and made a subsidy application (PSO) to support the development of the project
- ◆ Campina produces locally yogurts (2nd player on the market after Danone)