



IPOs ON THE ROMANIAN CAPITAL MARKET

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Raiffeisen
CAPITAL&INVESTMENT

Bucharest Stock Exchange (BSE)

- Current market capitalization of over EUR 35 bn
- 2007 daily average liquidity of EUR16 mil. vs 11 mil. in 2006
- Liquidity steadily increasing in the last four years
- 2007 daily average number of trades over 6,000
- A total of 61 domestic companies and 1 foreign company (Erste Bank) listed on the regulated market
- 1945 companies on the OTC market

Favoring factors for the IPO business in Romania

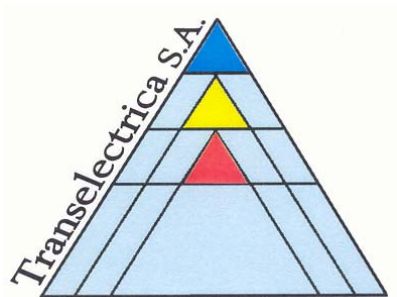
- IPOs interesting for issuers starting 2004 when valuations exceeded the levels offered by private equity funds
- BSE introduced in 2003 a new system with a built-in primary market platform
- High quality legal advice available on the domestic market
- Local investors interested in new issues
- Foreign investors interested in Romania

Hurdles for the IPO business in Romania

- No preferential allocation allowed
- Pre-funding of subscriptions
- Limited local investors base. Pension funds only started in 2007
- Very high retail direct participation
- Strong distribution network needed
- Basic practice – open subscriptions book
- High market share foreign investors – increased volatility

A slow start ...

- 2004: Broker Cluj / Self-IPO / EUR 2.3 mil.
- 2005: Vrancart / IFB / EUR 4.8 mil
- 2005: Flamingo / **RCI** & ING / EUR 12.7 mil
- 2006: Transelectrica / Alpha & **RCI** & BRD / EUR 34 mil
- 2006: Alumil / Alpha / EUR 8.4 mil
- 2007: Transgaz / **RCI** / EUR 65 mil



- The national transmission and system operator, providing the electricity transmission service, the technical management of the Romanian Power System and the administration of the electricity market
- Managers: Alpha & RCI & BRD
- *Firsts:*
 - First state-owned company ready to “go public” via capital market
 - Distribution Network consisting of 48 Raiffeisen Bank Branches
- Amount raised through the IPO: EUR 34.7 million
- Number of shares issued: 7.3 million
- Local investors: 75% of amounts subscribed
- **6.5 times oversubscribed**



- The national operator of the natural gas transportation network
- Lead Manager: RCI
- *Firsts:*
 - Largest state-owned company ready to “go public” via capital market
 - Allotment rights attached to the shares offered
 - Widest Distribution Network consisting of 122 Raiffeisen Bank Branches
- Amount raised through the IPO: EUR 65 million
- Number of shares issued: 1.8 million
- Number of subscribers: over 12,000
- Local investors: 75% of amounts subscribed
- **28 times oversubscribed**

2008 – the year of acceleration

- 3 small IPOs closed successfully in Q1
- At least 3 IPOs scheduled for Q2, out of which 2 by RCI
- Pension funds: 4.2 mil contributors and first sizeable amounts to be available in H2 2008
- Government strongly interested in pushing partial privatisations via the capital market
- Despite elections this year:
 - tender procedures launched for IPO of Bucharest International Airport
 - tender procedures to be launched for Romtelecom IPO
- Pipeline announced – some 10 more IPOs
- PE funds increasingly interested in IPOs as exit solution
- First international listing – Erste Bank
- Connection with main foreign markets functional

To be expected in coming years

- Increasing competition on local market
- Listing of Proprietatea Fund
- Listings of state-owned companies
- Local market to get to some EUR 500 mil p.a. in IPOs in 3-5 years (not including very large one-off IPOs)
- Increasing participation of pension funds as investors

Expected listings

The State 'Program for a Strong Market', initiated in 2004

Company	Sector	Initial float
Bucharest International Airport	Airport	5%
Romgaz	Natural gas production & storage	5%
Electrica Muntenia Nord	Energy distribution	10%
Electrica Transilvania Nord	Energy distribution	10%
Constanta Harbor Authority	Harbor authority	15%

Some 35 companies where the State is a majority shareholder, total Book Value of over EUR 9.4 bn

Company	Sector	Proprietary a Fund stake
Hidroelectrica	Energy production	20%
Nuclearelectrica	Energy production	20%
Turceni Energy Complex	Energy production	15%
Craiova Energy Complex	Energy production	15%
Rovinari Energy Complex	Energy production	15%
National Printing House	Printing	20%
National Post	Post services	25%
Romanian Lottery	Lottery services	20%

Thank you for your attention !

Q & A