

# Finance for Companies in Romania

June 2015



**European Bank**  
for Reconstruction and Development



- Introduction to EBRD
- EBRD Financing Approaches
- Case Studies

# What is the EBRD?



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Case Studies

International financial institution, promotes transition to market economies in **34 countries** from central Europe to central Asia.

In **2011**, the Bank expanded its operations to include Egypt, Morocco, Tunisia and Jordan (Southern and Eastern Mediterranean – **SEMED region**).

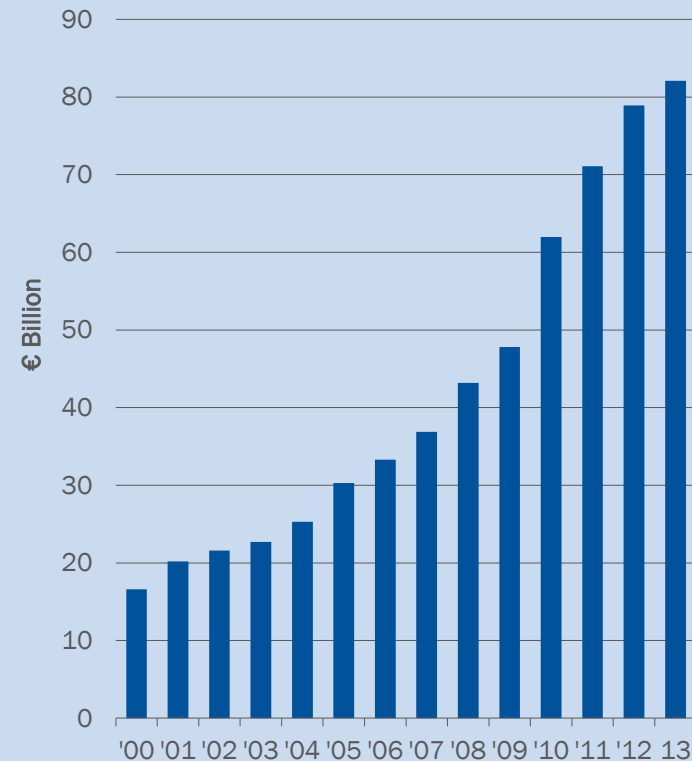
Owned by **64 countries** and two inter-governmental institutions.

Capital base of **€30 billion\***.

**AAA rating** from all three main rating agencies (S&P, Moody's and Fitch).

In **Romania**, annual Bank investment during 2011-2014 stood at some EUR 2.16b, covering **114 operations**.

Cumulative business volume of €82.1bn



# Where we invest

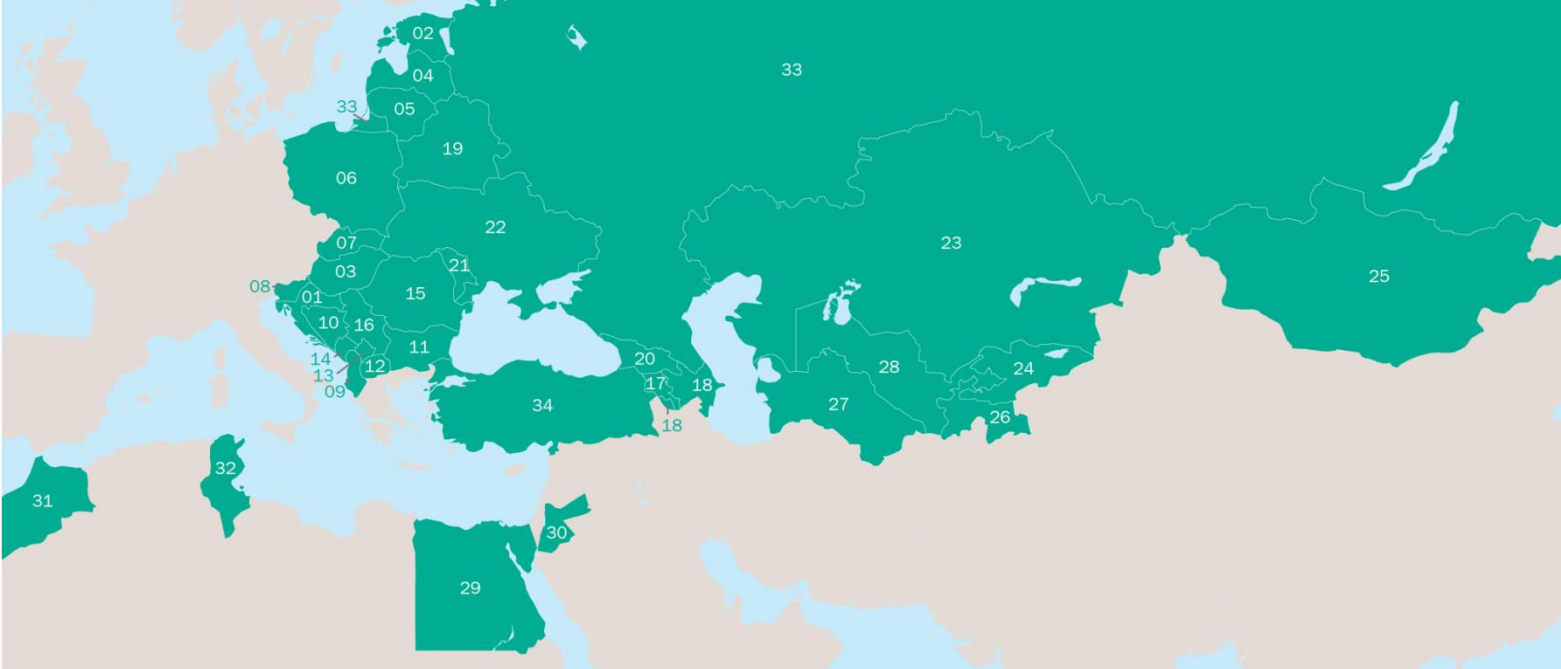


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Case Studies



**WHERE WE INVEST**

**Central Europe and the Baltic states**

- 01 Croatia
- 02 Estonia
- 03 Hungary
- 04 Latvia
- 05 Lithuania
- 06 Poland
- 07 Slovak Republic
- 08 Slovenia

**South-eastern Europe**

- 09 Albania
- 10 Bosnia and Herzegovina
- 11 Bulgaria
- 12 FYR Macedonia
- 13 Kosovo
- 14 Montenegro
- 15 Romania
- 16 Serbia

**Eastern Europe and the Caucasus**

- 17 Armenia
- 18 Azerbaijan
- 19 Belarus
- 20 Georgia
- 21 Moldova
- 22 Ukraine

**Central Asia**

- 23 Kazakhstan
- 24 Kyrgyz Republic
- 25 Mongolia
- 26 Tajikistan
- 27 Turkmenistan
- 28 Uzbekistan

**Southern and eastern Mediterranean**

- 29 Egypt
- 30 Jordan
- 31 Morocco
- 32 Tunisia

**33 Russia**

**34 Turkey**

# The EBRD and its objectives



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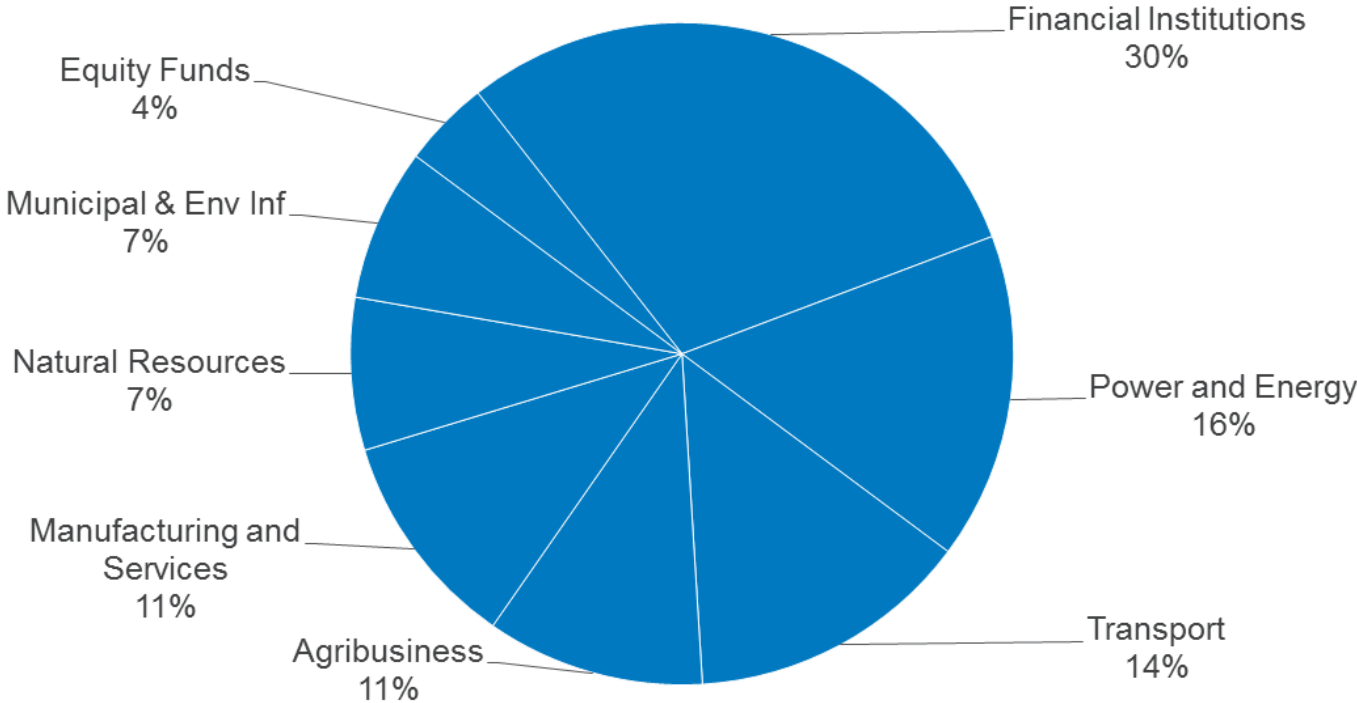
Case Studies

## The EBRD:

- Is a reliable and stable partner with a local team committed to Romania that has no funding constraint, staying with its clients in difficult times.
  - Is private sector focused. It has a mandate to promote transition to market economies.
  - Offers a wide range of products, currencies and tenors.
  - Facilitates inward and cross border investments in the region.
- Has a strong capacity to mobilise commercial co-financing for larger and more complex transactions involving complex investment plans, restructuring or reorganisations, and complex financing structures.
  - Encourages environmentally sound and sustainable development.
  - Promotes policy dialogue with regards to investment climate, business environment and policy matter.

- Through its investments in **commercially sound projects**, the EBRD aims to promote open market economies in its countries of operation.
- EBRD's key objectives in financing companies are as follows:
  - ✓ Support **private and entrepreneurial initiatives** by engaging in long term partnerships to help developing businesses
  - ✓ Be **additional to private sector finance** by participating in projects that commercial banks or private investors are reluctant to undertake
  - ✓ Engage in **policy dialogue** with authorities, where necessary, to improve regulatory and legal frameworks for business
  - ✓ Be a leader in supporting strong **corporate governance**, introducing best practices and raising industry standards
  - ✓ Mobilise significant **foreign direct investments**, supporting companies in unfamiliar and sometimes challenging environments
  - ✓ Provide a wide variety of **financing alternatives**, innovative products, and international sources of funding to help support companies to the next stage of development
  - ✓ Encourage **environmentally sound** and sustainable development by identifying cost effective **energy efficiency** investments within every project

# EBRD finances diverse range of enterprises



# Extensive offer of tailored financial products



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Introduction to EBRD

EBRD Financing Approaches

Case Studies

- Loans to the private sector, including SME
- Sovereign, sovereign guaranteed and loans to state owned companies
- Debt co-financing, working with commercial banks and IFIs
- Project finance loans (incl. PPP)
- Hard/local currency. Fixed/floating rates
- Syndication under preferred creditor status
- Access to capital markets

- Investing with majority sponsor to reduce equity burden and add partnership value. Up to 35%
- Common or preferred stock
- Privatisation and initial public offering (IPO)
- Mezzanine equity and subordinated debt
- Infrastructure funds
- PPP

## Technical Cooperation

**EBRD brings in additional financial capital and technical assistance (TC) to economically viable projects**

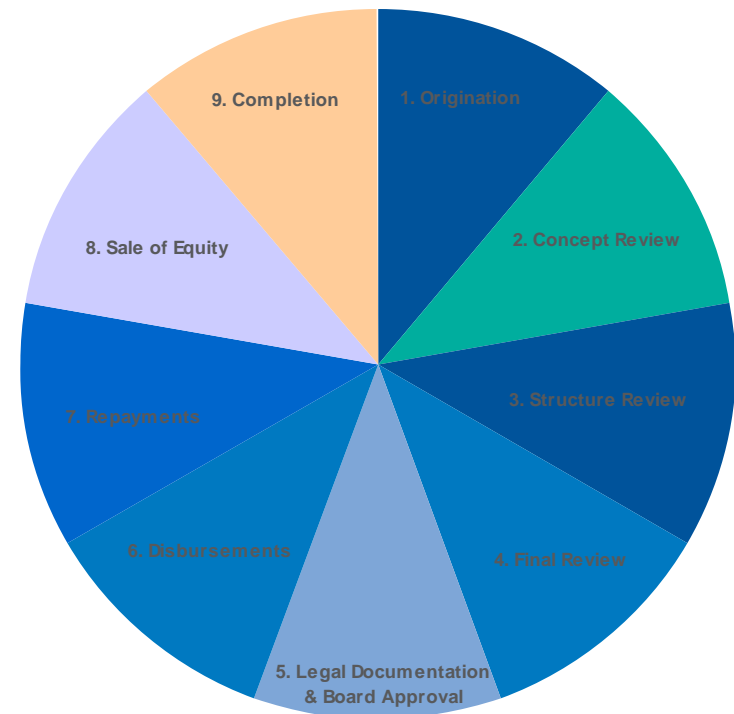


- ✓ Maturity and interest rates depend on the project's risks associated with the project structure, client and market conditions
- ✓ EBRD can offer longer maturities than the commercial banks
- ✓ EBRD can provide large amounts of finance where needed
- ✓ Availability of financing for long term working capital
- ✓ Excellent relationships with commercial banks: access to commercial co-financing
- ✓ Loan Syndications (A/B structures)
- ✓ Mezzanine / subordinated debt

- Companies that cannot expand with debt alone
- Owners who see the benefits of sharing equity and EBRD support in strengthening corporate governance
- Growth potential and strong competitive prospects in local markets and export markets
- Sound financial basis and financing plans
- Well-developed business plans and capacity to implement them
- Clear exit route for the Bank – sale to strategic or financial investor or an IPO
- Typical holding period for the Bank is 4-6 years

- Provided all necessary information is available, a project from Origination to Board Approval typically takes 3 to 6 months, depending on the complexity, length of negotiations and other factors
- The total project cycle from origination to final repayment can range from 1 year, for working capital or trade financing projects, to 10 years for long term investments
- EBRD financing in individual projects has ranged from less than €1 million to more than €150 million

## Stages of Project Cycle



- **Agribusiness.** Entire food chain:

- Agricultural inputs
- Production
- Primary processing
- Food processing
- Food packaging
- Food services and distribution

- **Property & Tourism:**

- Offices and business centres
- Logistics centres and warehousing
- Retail malls
- Hotels and resorts
- Property Funds

- **Information & Communications Technology**

- Broadcasting and Communications
- Information Services and Data Processing
- Knowledge economy

- **Manufacturing & Services:**

- Capital and intermediate goods
- Metals: steel and non-ferrous metals
- Automotive
- Forestry and paper
- Construction materials
- Chemicals
- Health and pharmaceuticals
- Consumer goods
- Logistics and retail
- Aerospace industry

# Romania: Selected Clients

**Clients** of the EBRD in Romania range from **major international** industry players to **local medium and small sized companies**





### 3. Case Studies – Transactions partly financed through state-aid support schemes

## Project Summary

<b>Client</b>	UAC Europe	<b>Signed in</b>	2012
<b>Country</b>	Romania	<b>Product</b>	Senior debt + Mezzanine
<b>Sector</b>	Aerospace	<b>Amount</b>	EUR 25mn



## Highlights

- UAC Europe is the Romanian subsidiary of Montana Tech Components (“MTC”). UACE started the production of aluminium alloy profiles for the aerospace industry in 2009 at its site in Dumbravita, Maramures
- MTC is a Swiss-Austrian industrial group founded in 2006 with operations in hi-tech niche manufacturing through three main divisions: Aerospace and Industrial Components; Special machinery for product identification in the metallurgical sector and Energy Storage – button cell batteries
- The EBRD funding will be used to support the development of additional operations: machining, surface treatment and assembly operations in Dumbravita and increasing UACE’s added value output. Upon completion of the EBRD investment in 2014, UACE will be able to supply aerospace manufacturers like Airbus/EADS, Alenia or Boeing with locally produced components.
- **The investment financed by EBRD was complemented by an additional investment co-financed through the Romanian state aid scheme (for approx EUR 13m).**

# Renault Technologies Romania- Titu Test Center



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## Project Summary

Client	Romania	Signed in	2009
Country	RTR	Product	Portage equity
Sector	Automotive	Amount	EUR 44mn



RENAULT  
TECHNOLOGIE ROUMANIE

## Highlights

- Renault started operating in Romania in 1999 when it acquired 51% of Dacia SA when it was privatised. Renault incorporated Renault Technologie Roumanie (RTR) in 2006 with the aim to develop the engineering capabilities outside France
- EBRD provided EUR 44 million portage equity finance for building Titu Test Centre, Renault's largest test centre outside France and one of the very few investments in automotive engineering in Central and Eastern Europe or the former Soviet Union. **In addition, the Company attracted approx EUR 28m from the Romanian state-aid scheme.**
- EBRD supported the projects as it promotes links with local universities and other academic institutions and improves the technological level and quality of components produced by local suppliers through closer contact and more rapid feedback