



360 Romania

Brief Overview for Business People and Investors

2010 Q4





Foreword

Current slides represent a quick perspective on Romania. It is by no means an academic paper, it is conceived to help people with little current knowledge on Romania gather additional info.

Public factual data is combined with observations and remarks inserted to provide a broader understanding on Romania today, from multiple angles.





Angles

- **Basic facts**
- **A glimpse of history**
- **Population**
- **Companies**
- **Markets**
- **Napkin notes**
- **Hall of Fame**
- **Shapes and shades**
- **2010 Q4 Highlights**





Basic Facts

- **Population: 22 mil (ranked 7th in EU, 1st in South-Eastern Europe)**
- **Area: 238k sq km (ranked 9th in EU, 1st in South-Eastern Europe)**
- **Access to Black Sea (East). South border: Danube River.**
- **Neighbors: Bulgaria, Serbia, Hungary, Ukraine, Moldavia**
- **Capital: Bucharest (2mil inh.). Other large cities: Iasi, Brasov, Cluj, Timisoara, Craiova, Constanta**
- **GDP (nominal): USD 160-170 Billions (2009), around Euro 115 Bil.**
- **Currency: LEU (1 Euro \approx 4.2 Lei)**
- **Language: Romanian (Latin root)**
- **Politics: Republic, president elected for 5 years. Two chamber parliament (elections every 4 years). Current president: Traian Basescu. Major Party: PDL (Democratic Liberal Party). Next presidential elections: 2014**
- **Member of EU (from 2007). Member of NATO (2004)**
- **Average salary: approx Euro 450 (based on exchange rates)**
- **Unemployment: approx 7.5%**
- **Religion: orthodox (~87%)**
- **Territory split in 42 administrative entities (41 counties + Bucharest). They are merged into 8 development regions not yet fully operational**





A Glimpse of History

- **Romania is a country of Latin origins (hence its name). Local population was conquered by Romans in the beginning of the 2nd century AD and the 2 populations got blended during the following centuries.**
- **Romania is formed by 3 main regions: Moldavia (NE), Transylvania (Center & NW) and Muntenia (S). Each region had a strong influence from 3 major powers (still easily observable in various cultural dimensions):**
 - **Moldavia – mainly from Russians**
 - **Transylvania – mainly from Austro-Hungarians**
 - **Muntenia – mainly from the Otoman Empire & Greece**
- **Last decades of the 19th century and first half of the 20th, Romania was a monarchy with strong German and British links. Culturally, Romanians of that time had strong influence from France**
- **In the 20th century, Romania was split (mainly to Hungary and Russia). The state of Moldavia is a result of such a split, due to Russian dominance in the area**
- **The communist period ranged from 1945 to 1989. It ended up with what is called a “revolution”. Currently, Romania is recovering in democracy.**





Population

- ~22 million inhabitants
- Bucharest (~2 mil), next 10 cities sum up around 2.8 mil
- The vast majority: Romanians (90%). Minorities: Hungarians (6% mainly concentrated in a few counties), Gypsies (2-3%)
- 55% living in urban areas
- Aging population (15% under 15 years old, 19% over 60 y.o.)
- Family size: around 2.8 members per household

- Lots of Romanians are working abroad. Officially, there are approximately 2 mil people living and working in other countries, mainly Europe (Italy, Spain, Germany, UK). This number varies (some are doing it temporarily + some are not in official reports)





Companies

- **Public lists of companies - not very accurate, often incomplete or obsolete data.**
- **According to public numbers: 600k to 800k active companies. According to messages in the media, these numbers are being reduced due to the economic downturn in 2010 and the corresponding legislative changes.**
- **Number of large companies (over 250 employees): around 2500.**
- **Largest private companies (based on 2009 turnover):**

Company	Sector	Approx Turnover (Mil.Euro)
Petrom OMV	Oil & Gas	3031
Automobile Dacia	Automotive	2125
Rompetrol Rafinare	Oil & Gas	1482
Metro Cash & Carry Romania	Retail	1356
Rompetrol Downstream	Oil & Gas	1238
Orange Romania	Telecom	1044
British American Tobacco	Tobacco	1040
Nokia Romania	Telecom	1028
Carrefour Romania	Retail	1027
Vodafone Romania	Telecom	929





Selective Markets

Auto	Retail	Telecom	Financial
<p>Producer of DACIA car (in Pitesti), member of Renault Group. Strong market presence, including large exports.</p> <p>Lots of small/medium companies producing parts for major brands.</p> <p><u>Auto:</u> Production 2009: ~300k -Sold in Romania: 40k -Exports: 260k Imports 2009: ~90k Total sales Romania: 130k</p> <p>No motorcycling producer</p> <p>Before 1990 – large production for truck, SUVs – currently, this manufacturing sector not developed</p>	<p>Large retailers: Metro Cash & Carry, Carrefour, Kaufland, Real, Selgros, Cora, Auchan, Billa, Praktiker, Brico Store, Hornbach</p> <p>Local large retailers: Dedeman, Altex, Emag, Domo, Flanco, Mobexpert, Diverta, Mic.ro</p> <p>Modern retails counts for over three quarters in total retail (malls, commercial galleries, etc)</p> <p>Several Shopping Malls built over the last 5 years, mainly in Bucharest and large cities.</p>	<p>Major players: Orange, Vodafone, Cosmote Romtelecom (clicknet, dulce) RCS&RDS (digi), UPC (, Dial telecom (akta), GTS,</p> <p>Largest companies are triple or quad players</p> <p>Mobile penetration: 118% Internet penetration: 36% Landline penetration: 24%</p> <p>Regulator: ANCOM</p> <p>Internet and landline penetration strongly influenced by urban/rural distribution of population</p>	<p>Major players: Banking (share by assets): 1.BCR (Erste) 19% 2.BRD (Societe Generale) 14.1% 3.Volksbank: 6.6% 4.Alpha Bank: 6.4% 5.CEC: 6.3% 6.Unicredit Tiriac: 6.1% 7.Raiffeisen: 6% 8.Transilvania: 5.9% 9.Bancpost: 4.4% 10.ING: 3.3%</p> <p>Insurance: Astra. Allianz Tiriac, Omniasig, Groupama, Asrom, ING Asigurari de viata, BCR Asigurari, Generali, Uniqa, Euroins</p> <p>Current issues with credits given to population</p>





Napkin Notes

- Romania has large reserves of mineral water. Specialists say quality of the water is impressive.
- Good wine producer (lots of hilly areas, proper for different types of wine)
- Petroleum reserves (largest in Eastern Europe)
- A system of highways is being discussed for a long time with little progress, a major barrier for development
- Strong educational capabilities in theory (mainly hard sciences), little practice
- Many see potential for int'l excellence in areas such as: tourism, agriculture, IT
- Romanians on Romania & themselves:
 - Positive: hospitable, smart & educated people, great landscapes, beautiful traditions, beautiful women, good agricultural products
 - Negative: dirty cities, lots of community dogs, bad traffic, poor roads, uncivilized people, corrupted authorities, bribe “addiction”, not a great emphasis on “work hard” culture





Hall of Fame

A short list with larger international awareness

- **Sports**
 - Nadia Comaneci, Ilie Nastase, Hagi, Popescu, Bute, Patzaichin, Gabriela Szabo
 - Steaua Bucuresti Football Club
- **Arts, Culture & Science**
 - Brancusi, Enescu, Eliade, Cioran, Coanda, Sergiu Celibidache, Herta Muller, Eugene Ionesco, Marcel Iures, Emil Palade,
- **Contemporary Music**
 - Inna, Zamfir, Ozone
- **Brands**
 - Dacia, Gerovital, Dorna, Arctic, TAROM, Murfatlar, Borsec, RAV Antivirus, BitDefender

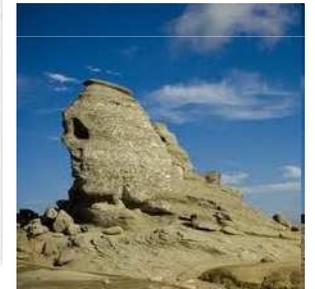
Personalities with strong local relevance, with lower int'l exposure

- **Stefan cel Mare, Mihai Viteazul** (political & military leaders), **Eminescu** (national poet), **Ion Creanga** (writer), **I.L. Caragiale** (writer)





Shapes and shades





2010 Q4 Highlights

- **Political turmoil (related to crisis measures impacting mainly the administrative sector – reduction in salaries and jobs cuts). Large street demonstrations (non violent) & unsuccessful attempt to change the current Government**
- **Good feedback from IMF regarding the measures taken to overcome the crisis (right track to reach target public deficit by 2012). Provided this trend is maintained by current government, Mil Euro 870 will come to Romania in Jan 2011.**
- **Process of Branding Romania in progress, led by Tourism Ministry. Serious controversies. Proposed positioning: “Explore the Carpathian Garden”**
- **Discussions on retirement legislation**
- **France opposition to have Romania in the Schengen space (deadline March 2011)**



**We would be happy to discuss
on any marketing related business within Romania!**

- **Market / Sector studies**
- **Market research**
- **Marketing Strategy**
- **Branding**
- **Distribution**
- **Partnerships and alliances**

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