

Closed-end investment fund

FONDUL PROPRIETATEA (FP)

Waiting to be energized

Buy (12m)

Price **Target Price**
 30/09/2011
 RON 0.4400 RON 0.6582

Sector

Overweight
Neutral

Market Share

na

Last Recommendation

Buy (TP RON 0.79, on 24 May'11)

NSC NAV* RON 1.1450

*as of 31 August 2011

Ytd, Price, Volume, MA 10



Source: Factset, BRD GSG

Share data

RIC FP.BX, Bloomberg FP RO

YTD-range 0.43 – 0.64

Fair NAV – Sep'11 (RONm) 11,030

Fondul Proprietatea

on www.fondulproprietatea.ro

v Update We have updated our Fair NAV calculation for Fondul Proprietatea (FP) and we downgraded our Fair NAV per share by 20.9% to RON 0.8228 and our target price to RON 0.6582 per share from RON 0.79 in our previous report. However, we keep our Buy recommendation given the 49.6% potential upside from market price and the 46.5% discount to our Fair NAV at which FP's shares are trading. The Fair NAV has been reduced by 23.04% from our last report, as a result of: 27.12% decrease of local listed companies value; 15.21% reduction of the unlisted companies value; 22% reduction of the market value of listed banks on external markets (Erste Bank and Raiffeisen Bank International); 53.6% decline of cash&cash equivalents as of end-Aug'11 vs. end-Apr'11 as a result of outflows related to shares acquisitions, buy-back programme and dividends paid to shareholders (58% out of total dividends worth RON 432.7m from 2010 net profit).

v Catalysts for the share price Since the release of our last report, the discount at which FP shares are trading to its official NAV continues to increase, as world's capital markets experienced significant losses, high volatility and risk aversion caused by concerns related to sovereign-debt crisis and lower than expected economic growth. The delay of listing and/or privatization of companies in FP's portfolio should put some pressure on FP's stock, whilst active portfolio management and improved fundamentals of companies' in its portfolio should increase FP's net asset value. FP secondary listing with an offering of up to 10% of the existing shares might add some external visibility to the stock. FP bought back 1.74% of its share capital within the buy-back programme started in May'11 and ended on 30 Sep'11. There is no public release regarding the use of these shares.

v 12m target price and methodology We haven't changed SOTP method to derive our Fair NAV, but we have given up to the 5% discount used in our previous reports to reflect the restrictive voting rights of FP's minority shareholders, as the stake held by state declined below 33%. Thus, the 12mTP has been obtained by applying the 20% discount to Fair NAV to account for closed-end investment funds.

v Alternative scenarios and risk to our scenario The main risk on medium term is related to capital markets negative outlook because of persistent global economic and financial disequilibria. FP stock might suffer further depreciations in case of unfavourable decisions of Ministry of Finance as regards the continuation of the compensation process. Still, the regulatory risks and risks related to low diversification and liquidity of FP's portfolio remain in place. An important step for increasing visibility of unlisted companies was the publication on FP's website of the 2010 financial reports for main unlisted companies. The total value of those unlisted companies account for 51.5% of our Fair NAV.

v Next events Analyst and Investor Days on 19-20 Oct'11 and Q3'11 results to be released on 15 Nov'11.

Performance (%)	1m	3m	1st td*
Ordinary shares	-3.5	-17.8	-32.3
Relative to BET	7.1	4.7	-9.6
Relative to BET-FI	4.6	8.1	-3.7

* First trading day – 25 January 2011

**Figure based on Aug'11 Official NAV

*** YTD cumulative

Financial data (RONm) **	12/10	04/11	08/11	Data (RON/share)	12/10	04/11	08/11
Total assets	15,411.9	17,061.5	15,437.0	EPS**	0.0331	0.0206	0.0409
Listed shares	4,934.3	6,750.3	5,427.0	BV**	1.1125	1.2004	1.1450
Unlisted shares	9,145.0	9,217.1	9,382.0	Gross DPS	0.0314	-	-
Shareholders equity	15,328.2	16,539.9	15,350.3	Div. yield %	na	6.20	7.10
Cash and deposits	1,078.5	512.8	376.2	P/Fair NAV	na	0.49	0.53
Bonds & T-Bills	248.0	298.0	0.0	P/Off. NAV	na	0.42	0.38
Net profit***	456.3	283.4	548.9				

Source: FP RAS Individual Financial Statements. BSE. BRD-GSG

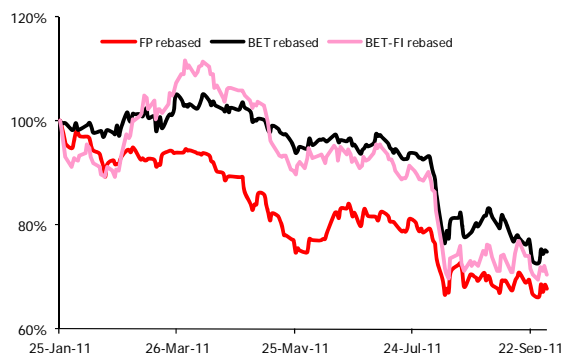
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Market performance

Fondul Proprietatea (FP) shares maintained its downward evolution since our last report published on 24 May'11, losing 13.2% compared to 19 May'11. The conversion process of indemnification titles into shares (that resumed on 2 May '11) as well as the mounting global risk aversion added significant pressures on selling side, leading the stock to low trading levels.

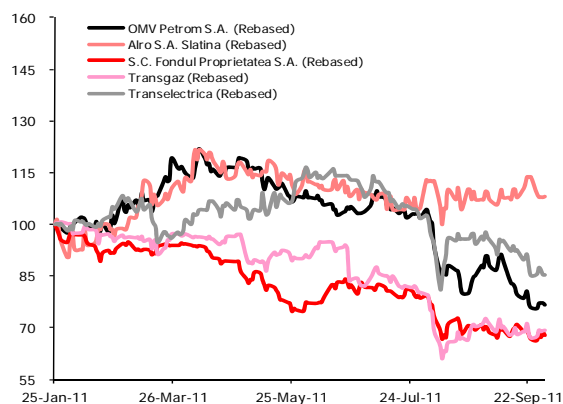
FP vs. BET, BET-FI performance, rebased



Source: Fondul Proprietatea, BRD-GSG

FP shares underperformed BET and BET-FI by 11.9% and by 9.9%, respectively on avg. for 25-Jan'11-30 Sep'11 as the deteriorating external sentiment added to the overreaction of investors as regards new FP's shareholders intention to sell their shares.

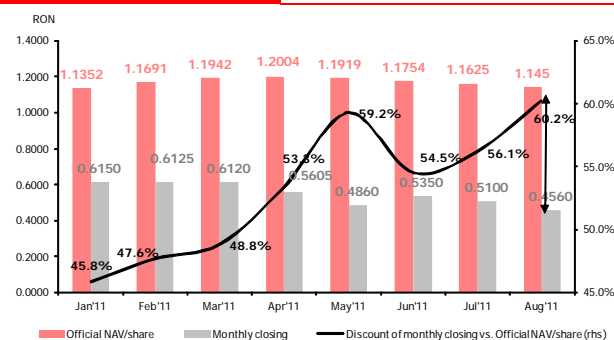
FP vs. SNP, TEL, TGN, ALR share price performance, rebased



Source: FactSet, BRD-GSG

FP stock continued to underperform its main underlying listed assets (rebased terms) since our May'11 report.

FP official NAV per share vs. end-month closing price

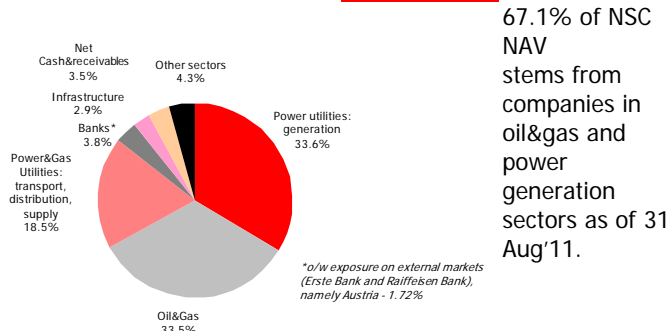


Source: Fondul Proprietatea, BRD-GSG

Discounts at which FP shares are traded compared to its official NAV peaked in Aug'11 at 60.2% as the company's market price was heavily impacted by the sell-off recorded during the month.

Company anatomy – portfolio overview

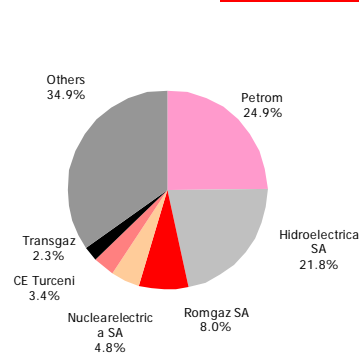
NSC NAV breakdown per sector (as of 31 Aug'11)



67.1% of NSC NAV stems from companies in oil&gas and power generation sectors as of 31 Aug'11.

Source: Fondul Proprietatea, BRD-GSG

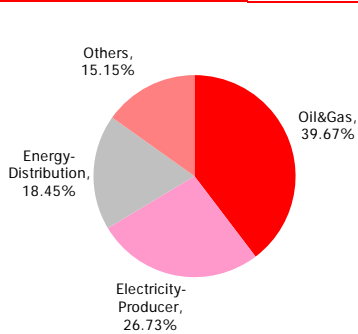
NSC NAV breakdown per company (as of 31 Aug'11)



Petrom and Hidroelectrica stakes account for 46.6% of NSC NAV as of 31 Aug'11.

Source: Fondul Proprietatea, BRD-GSG

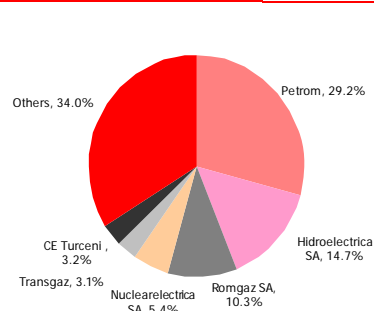
Fair NAV breakdown per sector (as of 31 Aug'11)



High exposure towards oil and gas and electricity producers confirmed by our Fair NAV calculation.

Source: Fondul Proprietatea, BRD-GSG

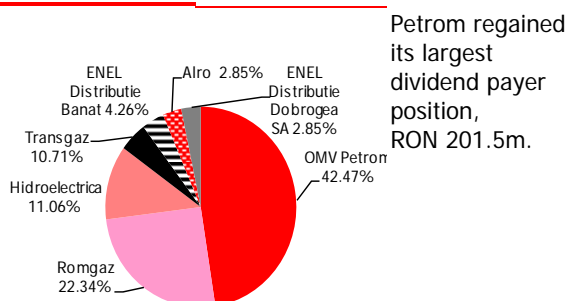
Fair NAV breakdown per company (as of 31 Aug'11)



Petrom (RON 3.22bn), Hidroelectrica (RON 1.62bn) and Romgaz (RON 1.14bn) are the most valuable assets according to our Fair NAV calculation.

Source: Fondul Proprietatea, BRD-GSG

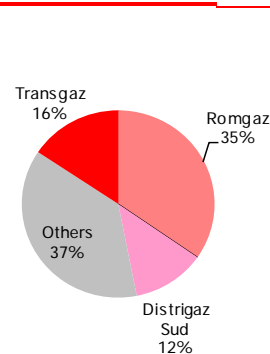
Breakdown of 2010 Dividends received



Petrom regained its largest dividend payer position, RON 201.5m.

Source: Fondul Proprietatea, BRD-GSG

Breakdown of 2009 Dividends received



Romgaz paid RON 195m to FP in 2010 (35% of total dividends received by FP).

Source: Fondul Proprietatea, BRD-GSG

Company anatomy – valuation summary

Fondul Proprietatea Fair NAV according to base scenario assumptions*

*For details regarding the base scenario assumptions please see next pages

Indicator	Value (RONm) ¹	Value (EURm) ¹	% NAV
Listed companies (incl. external assets)	4,578.03	1,051.62	41.51%
Un-listed companies	6,597.26	1,515.46	59.81%
Cash and cash equivalents	376.17	86.41	3.41%
(-)Total liabilities (incl.debt, provisions [#])	521.60	119.82	4.73%
Fair NAV	11,029.86	2,533.68	
No of shares subscribed and paid	13,405.86	13,405.86	
NAV per share (RON)	0.8228	0.1890	
<i>discount for closed-end funds</i>	<i>20%</i>	<i>20%</i>	
Target price per share (RON)	0.6582	0.1512	

[#] NSC NAV calculation as of 31 August 2011 based on RAS figures

¹except values per share

Source: BRD-GSG, Fondul Proprietatea

Fondul Proprietatea Fair NAV according to worse case scenario

*For details regarding the worse scenario assumptions please see next pages

Indicator	Value (RONm) ¹	Value (EURm) ¹	% NAV
Listed companies (Petro, Transgaz, Transelectrica, Alro, Erste, Raiffeisen)	4,383.16	1,006.86	58.16%
Un-listed companies (50% of base case scenario)	3,298.63	757.73	43.77%
Cash and cash equivalents	376.17	86.41	4.99%
(-)Total liabilities (incl.debt, provisions [#])	521.60	119.82	6.92%
Fair NAV	7,536.35	1,731.18	
No of shares subscribed and paid	13,405.86	13,405.86	
NAV per share	0.5622	0.1291	
<i>discount for closed-end funds</i>	<i>20%</i>	<i>20%</i>	
Target price per share	0.4497	0.1033	

[#] NSC NAV calculation as of 31 August 2011 based on RAS figures

¹except values per share

Source: BRD-GSG, Fondul Proprietatea

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Valuation methodology

We have revised our Fair NAV calculation for Fondul Proprietatea (FP) following the release of the FP's detailed investments as of end-June'11, updating the stakes held by FP, including the new holding in Banca Transilvania (TLV). Consequently, we downgraded our Fair NAV per share by 20.9% to **RON 0.8228** and our target price to **RON 0.6582** per share from RON 0.79 in our previous report. We keep our **Buy** recommendation given the 49.6% potential upside from market price and the 46.5% discount to our Fair NAV at which FP's shares are trading. The current Fair NAV is computed based on the detailed portfolio as of end-Jun'11, on the Aug'11 NSC NAV and the financial results for 2010 respectively 2009 for the unlisted companies.

Total Fair NAV declined by 23.04% compared to our last update, mainly as result of the losses posted by local and external markets in the past three months, which lowered market values for the companies in FP's portfolio. Thus, the decline of total Fair NAV stems from: 27.12% decrease of local listed companies value; 15.21% reduction of the unlisted companies value; 22% reduction of the market value of listed banks on external markets (Erste Bank and Raiffeisen Bank International); 53.6% decline of cash&cash equivalents as of end-Aug'11 vs. end-Apr'11 as a result of outflows related to shares acquisitions, buy-back programme and to dividends paid to shareholders (58% out of total dividends worth RON 432.7m from 2010 net profit).

We kept unchanged our SOTP methodology to calculate our Fair NAV, but we gave up the 5% discount used to reflect restrictive voting rights for minority stakes owned in FP as Ministry of Finance stake went below 33%. However, we kept unchanged the 20% discount for closed-end investment funds. In our Fair NAV per share calculation we input 13.40586bn shares as the number of shares afferent to the paid-up share capital compared to total number of shares (13.778bn shares) in our previous report as detailed in the section regarding FP's share capital changes.

We have filled in closing prices as of 30 Sep'11 (previously 19 May'11) for all BSE and Vienna listed companies that have been traded within the last 30 trading days. The same methodology is followed by NSC for listed companies to calculate the official NAV. For the companies whose shares were not traded in the past 30 days we have used their book value adjusted with a discount of 20% to account for low liquidity compared with NSC regulation which uses the book value of the company as a proxy for its fair value. Moreover, we have used the EURRON NBR rate of 4.3533 as of 30 Sep'11 to make the price conversion from EUR to RON.

The unlisted companies' stakes were marked to market using peers valuation multiples updated for prices as of 30 Sep'11. Thus, we considered different combination of P/BV'10 (or P/BV'09), EV/EBITDA'10 (or EV/EBITDA'09) and Marcap/Sales'10 (or Marcap/Sales'09) depending on the availability of 2010 financial reports and the company's sector features. Moreover, we have applied a 30% discount to reflect lower liquidity of these stakes, regulatory risk for companies in energy and utilities sector and smaller size of the companies compared to their international peers. Detailed values for major unlisted companies are showed in *Appendix 1 – Unlisted companies implied value (base scenario)*. The valuation multiples (P/BV'09/'10, EV/EBITDA'09/'10 and Marcap/Sales'09/'10) for selected peers used to value unlisted companies are presented in *Appendix 2 – Peers' multiples*. For unlisted companies with no data available for 2009 shareholders equity we have conservatively used zero value. Also, we assigned zero value for companies with negative shareholders' equity, companies under

insolvency procedure, companies running a judicial re-organization and companies that don't recognize FP as their shareholder. Thus, we have derived a Fair NAV of RON 0.8228 (down 20.9% from our May 2011 report), resulting in a target price of RON 0.6582. The summarized results are presented in the table below. Thus, 59.81% of Fair NAV stems from unlisted companies worth RON 6.6bn (EUR 1.52bn), whilst 41.5% from listed ones worth RON 4.58bn (EUR 1.1bn). As we have mentioned above the largest stake is OMV Petrom valued at RON 3.22bn (EUR 0.74bn), lower by 31% than in our May'11 report, followed by Hidroelectrica worth RON 1.62bn (EUR 0.37bn), almost flat compared with our previous report.

Indicator	Fair Value (RON)	% NAV
Listed companies	4,578,029,525	41.51%
Un-listed companies	6,597,263,295	59.81%
Cash and cash equivalents	376,166,489	3.41%
(-)Total liabilities (incl.debt, provisions [#])	521,602,672	4.73%
Fair NAV	11,029,856,637	
No of shares	13,405,864,536	
NAV per share	0.8228	
<i>discount for closed-end funds</i>	<i>20%</i>	
Target price per share	0.6582	

[#] NSC NAV calculation as of 31 August 2011 based on RAS figures

Source: BRD-GSG, Fondul Proprietatea

Please see below the values estimated under our methodology (Market Value BRD-GSG) and the value estimated according to NSC rules (NSC Value as of end-Jun'11) for each company in FP's portfolio:

Company	Sector	FP stake	Valuation method	ClosingPrice/ Implied Price (RON)	Market Value BRD-GSG (RONm)	NSC Value as of end-Jun'11 (RONm)	%Total value of listed and unlisted shares	% Fair NAV
Petrom	Oil&Gas	20.10%	mark to market	0.28	3,223.69	4,351.41	28.85%	29.23%
Transelectrica Bucuresti	Utilities-Electricity	13.49%	mark to market	17.20	170.20	217.69	1.52%	1.54%
Airo Slatina	Non-Energy Minerals	10.02%	mark to market	3.73	267.02	269.88	2.39%	2.42%
Transgaz	Energy-Natural gas	14.98%	mark to market	194.00	342.34	406.04	3.06%	3.10%
BRD-GSG	Banks	2.24%	mark to market	11.00	171.73	218.56	1.54%	1.56%
Romaero	Aircraft manufacturer	20.99%	mark to market	14.00	18.36	19.68	0.16%	0.17%
Conpet SA	Transport via pipeline	20.05%	mark to market	34.00	59.04	59.04	0.53%	0.54%
Oil Terminal SA	Cargo handling	10.00%	mark to market	0.18	10.48	12.30	0.09%	0.10%
Banca Transilvania	Banks	0.12%	mark to market	0.94	1.78	2.38	0.02%	0.02%
Severnav SA	Building of ships and floating structures	39.10%	mark to market	3.44	6.78	6.12	0.06%	0.06%
Azomures SA	Fertilizers	10.74%	mark to market	0.80	45.21	44.64	0.40%	0.41%
Delfincom SA	Real estate developer	65.50%	mark to market	4.10	2.65	4.00	0.02%	0.02%
Palace SA (Sinalia)	HoReCa	15.42%	mark to market	0.28	1.63	2.00	0.01%	0.01%
Mecanoenergetica SA	Manufacturer of metal structures and part of metal structures	10.07%	0.8xBV'09	0.31	0.51	0.06	0.00%	0.00%
Alcom SA Timisoara	Retail sales (food, beverages)	71.89%	0.8xBV'09	4.38	0.39	4.64	0.00%	0.00%
Mecon SA Brasov	Manufacturer of metal structures and part of metal structures	12.51%	mark to market	10.00	0.60	0.58	0.01%	0.01%
IOR SA	Manufacturer of optical instruments	2.81%	mark to market	0.33	0.87	1.49	0.01%	0.01%
Comcereal Cluj SA	Agriculture	11.36%	0.8xBV'09	3.64	0.93	1.06	0.01%	0.01%
Comcereal Fundulea SA	Farming	5.35%	mark to market	1.55	0.09	0.13	0.00%	0.00%
Comcereal Miercurea Ciuc SA	Storage and warehousing	10.03%	0.8xBV'09	4.55	0.18	0.19	0.00%	0.00%
Forsev SA	Forging, pressing, stamping and roll-forming of metal; powder metallurgy	28.14%	0.8xBV'09	5.85	5.59	6.81	0.05%	0.05%
Prestari Servicii SA	Other services rendering	70.55%	mark to market	12.00	2.40	0.98	0.02%	0.02%
Romplumb SA	Manufacturer of lead, zinc and tin bullions	51.00%	0.8xBV'09	3.51	5.60	0.00	0.05%	0.05%
Transilvania Com SA	Retail sales (textiles)	39.99%	0.8xBV'09	12.76	0.99	1.27	0.01%	0.01%
Vitacom SA	Retail sales (fruits and vegetables)	46.40%	mark to market	0.24	0.17	0.33	0.00%	0.00%
Turdapan SA	Real estate	44.06%	0.8xBV'09	0.54	0.08	0.11	0.00%	0.00%
Primcom SA	Real estate	78.97%	mark to market	25.00	28.86	20.30	0.26%	0.26%
Telerom Proiect SA	Architectural consultancy	68.63%	mark to market	2.50	1.68	0.05	0.02%	0.02%
Resib SA	Real estate	2.87%	negative sh.equity	0.00	0.00	0.00	0.00%	0.00%
SubTotal Listed Companies on BSE		na	na	na	4,369.84	5,651.76	39.10%	39.62%

Source: BRD-GSG estimates, Fondul Proprietatea

Company	Sector	FP stake	Valuation method	ClosingPrice/ Implied Price (EUR)	Market Value BRD-GSG (RONm)	NSC Value as of end-Jun'11 (RONm)	%Total value of listed and unlisted shares	% Fair NAV
Erste Group Bank AG	Banks	0.32%	mark to market	19.3600	103.48	187.94	0.93%	0.94%
Raiffeisen Bank International AG	Banks	0.55%	mark to market	22.1550	104.70	163.34	0.94%	0.95%
SubTotal Listed Companies on External Markets		na	na	na	208.19	351.28	1.86%	1.89%

*FX rate EUR RON (4.3533) as of September 30, 2011

Source: BRD-GSG estimates, Fondul Proprietatea

Company	Sector	FP stake	Valuation method	ClosingPrice/ Implied Price (RON)	Market Value BRD-GSG (RONm)	NSC Value as of end-Jun'11 (RONm)	%Total value of listed and unlisted shares	% Fair NAV
Hidroelectrica SA	Energy-Producer	19.94%	avg. (EV/EBITDA*10,P/BV*10, Marcap/Sales*10)	18.29	1,619.39	3,340.40	14.49%	14.68%
Nuclearelectrica SA	Energy-Producer	9.72%	P/BV*10	24.17	596.51	735.05	5.34%	5.41%
Romgaz SA	Energy-Natural gas producer	14.99%	avg. (EV/EBITDA*10,P/BV*10, Marcap/Sales*10)	198.79	1,141.51	1,220.24	10.21%	10.35%
Complexul Energetic Turceni SA	Energy-Producer	24.78%	avg. (P/BV*10, Marcap/Sales*10)	30.96	352.48	522.60	3.15%	3.20%
Complexul Energetic Craiova SA	Energy-Producer	24.35%	avg. (EV/EBITDA*10,P/BV*10, Marcap/Sales*10)	31.80	200.36	266.80	1.79%	1.82%
Electrica Distributie Muntenia Nord SA	Energy-Distribution	21.99%	avg. (EV/EBITDA*09,P/BV*09)	15.18	118.28	238.10	1.06%	1.07%
ENEL Distributie Banat SA	Energy-Distribution	24.12%	avg. (EV/EBITDA*10,P/BV*10)	27.81	256.35	316.72	2.29%	2.32%
E.ON Moldova Distributie SA	Energy-Distribution	22.00%	avg. (EV/EBITDA*09,P/BV*09)	11.19	122.99	220.77	1.10%	1.12%
Complexul Energetic Rovinari SA	Energy-Producer	23.60%	avg. (EV/EBITDA*10,P/BV*10, Marcap/Sales*10)	32.45	179.29	290.23	1.60%	1.63%
Electrica Distributie Transilvania Sud SA	Energy-Distribution	21.99%	avg. (EV/EBITDA*10,P/BV*10)	11.25	104.94	183.55	0.94%	0.95%
ENEL Distributie Dobrogea SA	Energy-Distribution	24.09%	avg. (EV/EBITDA*10,P/BV*10)	24.78	167.31	218.67	1.50%	1.52%
Aeroportul International Henri Coanda Bucuresti SA (2008)/CN Aeroporturi Bucuresti 2009	Airport	20.00%	avg. (EV/EBITDA*10, Marcap/Sales*10)	76.44	219.79	322.41	1.97%	1.99%
Electrica Distributie Transilvania Nord SA	Energy-Distribution	22.00%	avg. (EV/EBITDA*10,P/BV*10)	10.87	88.77	170.85	0.79%	0.80%
Enel Distributie Muntenia SA	Energy-Distribution	12.00%	avg. (EV/EBITDA*10,P/BV*10)	74.73	243.35	337.24	2.18%	2.21%
Posta Romana SA	National Post Office	25.00%	avg. (P/BV*09, Marcap/Sales*09)	10.09	149.03	139.60	1.33%	1.35%
Societatea Nationala a Sarii SA	Salt production	48.99%	avg. (EV/EBITDA*09,P/BV*09, Marcap/Sales*09)	63.93	128.22	86.79	1.15%	1.16%
E.ON Gaz Distributie SA	Energy-Distribution	11.99%	avg. (EV/EBITDA*09,P/BV*09)	8.61	113.27	115.57	1.01%	1.03%
GDF Suez Energy Romania (ex Distrigaz Sud SA by 2009)	Energy-Distribution	12.00%	avg. (EV/EBITDA*10,P/BV*10, Marcap/Sales*10)	116.54	247.98	338.71	2.22%	2.25%
CN Administratia Porturilor Maritime SA	Port	19.99%	avg. (EV/EBITDA*09,P/BV*09, Marcap/Sales*09)	56.50	77.32	61.77	0.69%	0.70%
Zirom SA	Manufacturer of titanium and titanium alloy ingots	100.00%	avg. (P/BV*09, Marcap/Sales*09)	6.72	24.35	57.81	0.22%	0.22%
Electromecanica Ploiesti SA	Manufacturer of military and civil equipments	49.00%	FP is not recogn. as shareholder	0.00	0.00	0.00	0.00%	0.00%
Uzina Mecanica Bucuresti SA	Defense industry	36.59%	FP is not recogn. as shareholder	0.00	0.00	0.00	0.00%	0.00%
CN Administratia Canalelor Navigabile SA	Port	20.00%	avg. (EV/EBITDA*09,P/BV*09, Marcap/Sales*09)	78.14	15.88	15.68	0.14%	0.14%
Plafar SA - insolvency	Health care	48.99%	insolvency	0.00	0.00	0.00	0.00%	0.00%
Petrotel - Lukoil SA	Refinery	2.18%	negative sh.equity	0.00	0.00	0.00	0.00%	0.00%
Aeroportul Int'l Timisoara - Traian Vuia SA	Airport	20.00%	avg. (EV/EBITDA*09,P/BV*09, Marcap/Sales*09)	380.82	32.38	7.82	0.29%	0.29%
Aeroportul Int'l Mihail Kogalniceanu SA	Airport	20.00%	EV/EBITDA*09	36.74	0.85	2.49	0.01%	0.01%
CN Administratia Porturilor Dunarii Maritime SA	Port	20.00%	avg. (EV/EBITDA*09,P/BV*09, Marcap/Sales*09)	109.60	2.33	2.08	0.02%	0.02%
Carom - Broker Asigurare SA	Insurance	70.00%	P/BV*09	25.32	0.44	1.04	0.00%	0.00%
CN Administratia Porturilor Dunarii Fluviale SA	Port	20.00%	avg. (EV/EBITDA*09,P/BV*09, Marcap/Sales*09)	286.49	7.89	3.98	0.07%	0.07%
Gerovital Cosmetics SA - insolvency	Health care	9.76%	insolvency	0.00	0.00	0.00	0.00%	0.00%
Zamur Targu Mures SA	Food producer	7.18%	avg. (P/BV*09, Marcap/Sales*09)	7.69	3.10	3.20	0.03%	0.03%
Electroconstructia Elco Cluj SA	Montaj Instalatii	7.61%	0.7xBV*09	0.70	0.38	0.54	0.00%	0.00%
Celuloza si Otel SA (absorbition of Remat Timis SA)	Recycling	8.62%	0.7xBV*09	0.70	0.32	0.87	0.00%	0.00%
Salubriserv SA	Waste collection	17.48%	0.7xBV*09	0.70	5.22	7.58	0.05%	0.05%
Commetex SA	Ceramics products wholesale	15.99%	avg. (P/BV*09, Marcap/Sales*09)	3.25	0.22	0.18	0.00%	0.00%
Comsig SA	Retail (food)	69.94%	0.7xBV*09	3.72	0.28	0.16	0.00%	0.00%
Cetatea SA	Real Estate Agent	20.43%	P/BV*09	0.48	0.17	0.43	0.00%	0.00%
Retizoh SA - insolvency	Other special construction	7.37%	insolvency	0.00	0.00	0.00	0.00%	0.00%
World Trade Center Bucuresti SA	HoReCa	19.90%	negative sh.equity	0.00	0.00	0.00	0.00%	0.00%
Ciocarla SA	HoReCa	1.68%	Marcap/Sales*09	9.29	0.05	0.42	0.00%	0.00%
World Trade Hotel SA	HoReCa	19.90%	0.7xBV*09	0.70	0.01	0.02	0.00%	0.00%
E.ON Energie Romania (ex. E.ON Gaz Romania)	Energy-Natural gas&Electricity supplier	13.39%	P/BV*09	10.27	101.75	94.32	0.91%	0.92%
Electrica Furnizare Muntenia Nord SA	Energy- Electricity supply	22.00%	avg. (P/BV*09, Marcap/Sales*09)	110.32	63.11	0.00	0.56%	0.57%
Electrica Furnizare Transilvania Nord SA	Energy-Electricity supply	22.00%	avg. (P/BV*09, Marcap/Sales*09)	160.49	57.18	0.00	0.51%	0.52%
Electrica Furnizare Transilvania Sud SA	Energy-Electricity supply	22.00%	avg. (P/BV*09, Marcap/Sales*09)	149.41	65.45	0.00	0.59%	0.59%
ENEL Energie SA	Energy-Electricity supply	12.00%	avg. (P/BV*09, Marcap/Sales*09)	32.81	55.13	19.72	0.49%	0.50%
Enel Energie Muntenia SA	Energy-Electricity supply	12.00%	avg. (EV/EBITDA*09,P/BV*09)	65.94	29.28	37.34	0.26%	0.27%
Bat Service SA - insolvency	Transportation via road	33.00%	insolvency	0.00	0.00	0.00	0.00%	0.00%
Carbid Fox SA- bankruptcy		7.96%	bankruptcy	0.00	0.00	0.00	0.00%	0.00%
Simtex SA - insolvency	Design of machine tools	30.00%	insolvency	0.00	0.00	0.00	0.00%	0.00%
FECNE SA -judicial reorganization	Nuclear power plant equipment factory	12.12%	judicial reorganization	0.00	0.00	0.00	0.00%	0.00%
SubTotal Unlisted Companies		na			6,597.26	9,388.10	59.03%	59.81%
Total Listed and Unlisted Companies					11,175.29	15,039.86	100.00%	101.32%

Source: BRD-GSG estimates, Fondul Proprietatea

Our worst case scenario considers the market value of Petrom, Transgaz, Transelectrica, Alro, Erste Bank and Raiffeisen Bank International, while applying a 50% discount for un-listed companies' value considered in the base case scenario and keeping a constant level for the cash& cash equivalents position. The resulting Fair NAV is RON 0.5622, lower by 24.3% compared to our previous Fair NAV and target price of RON 0.4497.

Indicator	Fair Value (RON)	% NAV
Listed companies	4,383,157,867	58.16%
Un-listed companies	3,298,631,647	43.77%
Cash and cash equivalents	376,166,489	4.99%
(-)Total liabilities (incl.debt, provisions [#])	521,606,672	6.92%
Fair NAV	7,536,353,331	
No of shares subscribed and paid	13,405,864,536	
NAV per share	0.5622	
<i>discount for closed-end funds</i>	<i>20%</i>	
Target price per share	0.4497	

[#] NSC NAV calculation as of 31 August 2011 based on RAS figures
 Source: BRD-GSG, Fondul Proprietatea

Main risks to our valuation

Main risks to our Fair NAV calculation that might trigger further restatements on our valuation methodology arises from:

- **First step to increase visibility on unlisted company's fundamentals.** We welcome the publication of 2010 financial reports on FP's website for the most significant companies in FP's portfolio. In our current valuation process we have included 2010 financial data for 15 unlisted companies, whose total value account for 86.2% of the total unlisted companies' value and 51.5% of total Fair NAV, respectively. Still for the remaining unlisted companies we have used 2009 financial data;
- **Changes to FP's portfolio structure subsequent to Government decision regarding energy sector restructuring process.** At this moment, the process of the two giants' foundation has been cancelled, which is good news in our opinion. However, a new plan is under discussion and details are presented below;
- **Higher/Lower market prices and associated trading multiples for companies included in FP's portfolio.** Given the current situation on capital markets, is highly likely to see significant volatility which can adjust our valuation multiples and consequently our Fair NAV calculation;
- **Listing of some of the companies in FP's portfolio on regulated market will have a positive impact on FP's portfolio transparency and will bring additional public information on its portfolio market value;**
- **Arbitrary decisions of the Government as regards companies in which is the majority shareholder that might be against minority shareholders' interest and value creation process.**

2010 results recorded by the unlisted companies included in FP portfolio

Franklin Templeton Investment Management Limited United Kingdom Bucuresti (FTIML) posted on FP's website the results recorded by 20 companies with the highest weight in FP's NAV as of end-Jun'11 (account for 87.83% of the official NAV as of end-Jun'11).

We have included in our analysis the 2010 results for 15 unlisted companies. Overall, the total sales of the 15 unlisted companies increased by 4.3% yoy to approx. RON 19.5bn in 2010, total EBIT increased by 14.5% yoy to RON 2.27bn. Contrary to positive evolution of top line, total net profit declined by 5.2% yoy to RON 1.48bn.

The highest 2010 net profit were posted by: Romgaz (RON 651.2m, +13.8% yoy), Hidroelectrica (RON 292.37m, 5.04x times higher yoy), GDF Suez Energy Romania (RON 270.95m, -34.9% yoy).

2011 doesn't look too bright for the unlisted companies that weigh significantly on FP's Fair NAV, as Hidroelectrica expects net profit of RON 71m vs. RON 292.37m registered in 2010, Romgaz budgeted a flat net profit of RON 651.2m, whilst Nuclearelectrica estimated its bottom line at RON 13.6m (-15.5% yoy).

According to local news flow, in H1'11 Hidroelectrica recorded a net profit of RON 12.3m (-74% yoy) due to higher royalties and unfavourable weather conditions, whilst Romgaz posted net profit of RON 488m, 2 times higher than a year-ago period mainly as a result of higher share of imported gas within its gas deliveries.

For more details regarding the performance of the unlisted companies in 2010 as well as the 2011 expectations, please refer to the related *Appendix for each company*. In the table below we list some figures for unlisted companies whose 2010 reports were published on FP's website:

Company	Sales (RONm)			EBITDA(RONm)		EBIT(RONm)			Net income(RONm)			Sales (yoy change)		Net income (yoy change)		Reporting standards
	2009	2010	2011 budget	2009	2010	2009	2010	2011 budget	2009	2010	2011 budget	2010	2011 budget	2010	2011 budget	
Posta Romana SA	1,435.74	1,376.85	nav	-163.75	-66.48	-210.99	-128.26	nav	-181.55	-121.03	nav	-4.1%	na	na	na	RAS
Hidroelectrica SA	2,420.80	3,273.70	nav	816.83	1,377.01	161.96	502.79	85.00	48.38	292.37	71.00	35.2%	na	504.3%	-75.7%	RAS
Romgaz SA	3,193.50	3,574.22	3,950.20	1,826.89	1,889.95	716.87	905.59	821.80	572.46	651.21	651.20	11.9%	10.5%	13.8%	0.0%	RAS
Nuclearelectrica SA	1,526.66	1,514.72	1,640.60	692.58	560.36	325.31	179.30	225.80	49.36	16.09	13.60	-0.8%	8.3%	-67.4%	-15.5%	RAS
Complexul Energetic Turceni SA	1,125.50	1,043.71	1,548.80	238.37	198.37	30.17	4.78	8.60	21.28	-69.30	6.00	-7.3%	48.4%	-425.7%	na	RAS
Enel Distributie Muntenia SA	1,181.93	733.83	730.60	225.75	215.44	122.92	76.00	69.40	280.05	105.08	84.00	-37.9%	-0.4%	-62.5%	-20.1%	RAS
ENEL Distributie Banat SA	526.41	556.04	567.90	217.86	239.44	140.25	159.72	163.10	150.65	148.43	140.20	5.6%	2.1%	-1.5%	-5.5%	RAS
Electrica Distributie Muntenia Nord SA	611.47	596.09	nav	106.72	105.59	27.73	27.05	nav	24.65	32.33	nav	-2.5%	na	31.2%	na	RAS
Complexul Energetic Craiova SA	1,132.42	1,097.81	1,268.20	75.53	86.23	-0.68	11.15	23.70	0.34	0.24	2.40	-3.1%	15.5%	-28.5%	887.5%	RAS
Electrica Distributie Transilvania Sud SA	539.19	593.00	nav	119.13	124.77	29.82	21.55	nav	23.18	11.93	nav	10.0%	na	-48.6%	na	RAS
ENEL Distributie Dobrogea SA	391.46	407.97	436.50	141.46	159.73	85.02	107.18	103.80	92.08	99.65	87.80	4.2%	7.0%	8.2%	-11.9%	RAS
Aeroportul International Henri Coanda Bucuresti SA (2008)/CN Aeroporturi Bucuresti 2009	304.51	396.81	546.60	120.79	164.75	57.80	54.19	111.90	59.47	42.55	99.20	30.3%	37.7%	-28.5%	133.2%	RAS
Complexul Energetic Rovinari SA	845.41	794.63	1,307.80	76.11	119.13	13.66	32.04	54.30	5.64	0.59	1.70	-6.0%	64.6%	-89.5%	186.9%	RAS
GDF Suez Energy Romania (ex Distrigaz Sud SA by 2009)	3,463.16	3,541.51	3,917.00	605.81	444.05	486.42	321.65	387.00	416.37	270.95	326.00	2.3%	10.6%	-34.9%	-20.3%	consolidate

Sursa: Companies' reports, BRD-GSG

H1'11 results of listed companies included in FP portfolio

The main listed companies in FP's portfolio published good results for H1'11, but the market prices fell significantly due to Euro zone sovereign debt worries and lower expectations for economic growth. Moreover, OMV Petrom net profit growth of 14.7% yoy in H1'11 along with good cash position provide reasons for higher dividends expectations in 2012, too.

Company	Sales/Total operating revenues (RONm)		EBITDA (RONm)*		EBIT (RONm)		Net income (RONm)		Sales (yoy change)	Net income (yoy change)	Reporting standards
	H1'10	H1'11	H1'10	H1'11	H1'10	H1'11	H1'10	H1'11	H1'11	H1'11	
OMV Petrom	8,343.19	10,271.08	2,748.00	3,851.00	1,675.00	2,416.00	1,521.00	1,744.00	23.1%	14.7%	IFRS
Transgaz	710.21	744.94	373.22	383.78	307.36	310.21	265.44	255.28	4.9%	-3.8%	RAS
Alro Sa	896.15	1,161.56	213.49	331.50	164.29	279.71	74.21	226.09	29.6%	204.7%	IFRS
Transelectrica	1,252.52	1,426.56	139.06	342.13	10.00	198.43	-67.30	177.05	13.9%	na	IFRS

*EBITD for OMV Petrom

Source: Companies' reports, BRD-GSG calculations

Banks' fundamental performance continues to suffer from higher cost of risks and lower lending activity in H1'11. However, stabilization of cost of risk is estimated for H2'11 that should be supportive for 2011 bottom lines.

Company	Currency	Net interest income (m)		Cost of risk (m)		Net income (m)		Net interest income (yoy change)	Cost of risk (yoy change)	Net income (yoy change)	Reporting standards
		H1'10	H1'11	H1'10	H1'11	H1'10	H1'11	H1'11	H1'11	H1'11	
BRD-GSG	RON	849.00	906.00	628.00	581.00	367.00	282.00	6.7%	-7.5%	-23.2%	RAS
Erste Group Bank AG	EUR	2,684.80	2,689.80	1,084.20	940.00	588.90	595.30	0.2%	-13.3%	1.1%	IFRS

Source: Companies' reports, BRD-GSG calculations

Dividends worth RON 474.5m to be collected in 2011

The main source of revenues for FP is dividends from its holdings. 2010 good results recorded by major holdings of FP along with a compulsory payout ratio of 90% for state-owned companies lead to 165.1% yoy growth of expected dividends to be cashed by FP during 2011. The net amount of dividends to be received from 2010 net profit in FP's portfolio worth RON 474.5m (vs. RON 179m in 2010), out of which RON 228.64m have been collected. The table below list the main contributors to FP's dividends expectations:

Company	Total Net Dividends to be received (RONm)	Payout ratio
OMV Petrom	201.50	46.00%
Hidroelectrica	52.50	90.00%
Romgaz	106.00	110.00%
Nuclearelectrica	0.00	0.00%
CE Turceni	0.00	0.00%
Transgaz	50.80	90.00%
GDF Suez Energy Romania	0.00	0.00%
Enel Distributie Muntenia	0.00	0.00%
CN Aeroporturi Bucuresti	9.90	90.00%
ENEL Distributie Banat	20.20	46.00%
CE Craiova	0.00	0.00%
CE Rovinari	0.00	0.00%
Alro	13.50	100.00%
BRD-GSG	2.10	21.00%
Electrica Distributie Muntenia Nord	0.00	0.00%
E.ON Moldova Distributie	0.00	0.00%
ENEL Distributie Dobrogea SA	13.50	56.00%
Transelectrica	1.20	96.00%
Electrica Distributie Transilvania Sud	0.00	0.00%
Erste Group Bank AG	3.30	28.00%
OMV Petrom	201.50	46.00%
Total	474.5	na

Source: FP H1'11 Results Presentation

Shareholding structure and the future of the indemnification/claims conversion process

▪ *Ministry of Finance stake in FP went below 33%*

The main change of the past three months is related to FP shareholding structure as the Ministry of Finance stake declined significantly from 36.79% as of end-April'11 of the total share capital to 8.71% as of end-August'11, whilst foreign investors group become the largest shareholder of the Fund. Moreover, the Ministry of Finance stake reached 6.17% of the paid-up share capital, at the end of August'11 and the conversion process becomes very challenging as the number of shares held by the Ministry (827.097m) is not enough to cover all the indemnification requests registered with the National Authority for Property Restitution (ANRP).

Moreover, foreign investors (institutional and private) increased their stake up to 44.24% as of end-Aug'11 from 30.03% as of end-Apr'11. Also, Romanian private individuals increased its holding from 26.11% at the end of April'11 to 39.15% of the paid-up share capital as of end-Aug'11. Romanian institutional shareholders improved their stake up to 10.44% (out of which 1.67% of the Fund's share capital represents shares bought back by the Fund) from 6.07% as of end-April'11.

The table below presents the updated shareholding structure of FP, as of end-Aug'11:

Shareholder Type	No. of shares	No. of paid-up shares	Stake (%)	Stake paid-up share capital** (%)
Ministry of Finance	1,199,625,248	827,097,576	8.71%	6.17%
Romanian private individuals	5,248,635,750	5,248,635,750	38.09%	39.15%
Foreign institutional shareholders	4,647,193,494	4,647,193,494	33.73%	34.67%
Foreign private individuals	1,282,945,759	1,282,945,759	9.31%	9.57%
Romanian institutional shareholders*	1,399,991,957	1,399,991,957	10.16%	10.44%
Total	13,778,392,208	13,405,864,536	100.00%	100.00%

* 223.74m shares (1.62% of FP share capital) were acquired by FP within buy-back programme

** 372,527,672 shares (2.7% of FP share capital) are unpaid by Ministry of Finance

Source: FP Monthly report as of 31 August 2011

Latest news flow points to a call for General Shareholders Meeting of FP shareholders sometime in November. One of the items on the agenda is the removal of the voting rights limitations as the Ministry of Finance stake went below 33%. Thus, private investors have the power to elect its own representatives within the Board of Nominees and to make decisions for their own benefit.

▪ *Government's option to continue the conversion process*

During the H1'11 FP results presentation, FTIML officials listed some of the Government's options to continue the restitution process. It is very difficult to state a clear direction to be followed by the State in current environment, but we expect some guidelines to be given by the Ministry of Finance during FP's General Shareholders Meeting. However, FP shareholders should not be affected by the Government decision regarding the continuation of the indemnification process, unless a share capital increase is agreed to account for new companies to be included in FP's portfolio.

Below we present these options along with some comments:

Government's option	Comments
New assets to be added to FP's portfolio	<p>The operation needs the shareholders' approval.</p> <p>The assets should be valued before their incorporation in FP's portfolio. FTIML' officials said is not a real option for the Romanian state.</p> <p>Also, we believe there is less likely the Government to follow this procedure as it will take time and needs to make another selection of the state-owned companies that will be included in the valuation process.</p>
Another Fund, similar to FP, to be created	<p>The process will last more than completing the first option, so the odds to be followed are low, but might be a good solution in this case.</p>
Direct distribution of shares in state-owned companies	<p>This can make the conversion process unfair for the indemnified people, as they undertake the risk to receive shares in companies with uneven performance. Moreover, the process of direct distribution of shares in state-owned companies would hamper privatization process of state-owned companies.</p>
Bonds issuance to finance the restitution process	<p>Less likely this option to be followed as the public debt should be kept below 40% GDP and government debt (ESA95) below 35% GDP according to the IMF agreement.</p>
Pay cash to settle the claims	<p>Less likely to happen as the Government has fiscal deficit (ESA) targets to be met, 3% GDP in 2012.</p>
Limitation of the restitution claims up to an agreed cap	<p>The limitation of the restitution will not be fair, as up to now the restitution process has been run on <i>ad integrum</i> principle.</p>

IPOs/SPOs, energy sector restructuring and professional management of state-owned companies

- ***SPO for 9.84% of OMV Petrom (SNP) failed, the next one on the list is Transelectrica (TEL)***

Since our last report, the process of the announced IPOs/SPOs did not evolve significantly. Moreover, the SPO for 9.84% of OMV Petrom (SNP) failed and the Government is currently running the process for selecting the broker who will intermediate the SPO for 15% of

Transelectrica (TEL). Only one consortium submitted its proposal (BCR, Intercapital and Swiss Capital) by the deadline (6 Oct'11).

The markets are very volatile given the uncertainties regarding world's economic recovery and sovereign-debt unsolved troubles making very difficult to close successfully an IPO/SPO for a company. Moreover, the Romanian Government officials stated several times that they are not agreed to launch SPOs for listed companies at discounts compared to market price.

On 6 Oct'11, a new IMF Letter of Intent has been released by the IMF for the assessment mission run between 20 Jul'11 and 1 Aug'11 with an updated timeline of the IPOs/SPOs and privatization programme. According to the IMF Letter of Intent, the SPO for 9.84% of OMV Petrom will be re-launched at the beginning of 2012, the SPO for 15% of Transelectrica will be launched in Oct'11 followed by a share capital increase of 12%. The Government plans an SPO for 15% of Transgaz by the end-Dec'11, an IPO for 15% of Romgaz in 2012, an IPO for 10% of Hidroelectrica and privatization of Electrica Transilvania Sud, Electrica Transilvania Nord, Nuclearelectrica and Termoelectrica. Moreover, Tarom will be either privatized or an IPO for 20% of shares will be organized.

Nevertheless, on 27 Sep'11, FP announced the decisions of Hidroelectrica Extraordinary General Shareholders Meeting (EGSM) held on 20 Sep'11. The Romanian state voted against FP's proposal to list Hidroelectrica on BSE. The state arguments were: the Government Ordinance no.56/2010 regarding the foundation of the two giants is still valid; Hidroelectrica is involved in litigations initiated by the Fund referring to Electra and Hidroenergetica foundation; Hidroelectrica has a strategic position in the economy, so its privatization should be approved by the Government.

Thus, we believe that Government's privatization and IPOs/SPOs plans will suffer many other changes and delays until the process will be completed.

▪ ***New direction – management from private sector for some state-owned companies, but for the others plans for IPOs/SPOs might be still in place***

Recently, following IMF/FTIML and Government discussions, the latter started a programme aiming to replace current management of the state-owned companies (politically appointed in most of the cases) with managers who have experience in similar positions in private companies. Thus, by the end of 2011, nine state-owned companies should have private management according with the provisions of the agreement between the Ministry of Finance and IMF. The aim is to increase the efficiency and performance of the state-owned companies, but this might be a very challenging task. The new managers should review companies' costs pursuing a tighter cost control along with the review of contracts concluded under preferred terms with some of companies' clients. The programme might be an alternative to the privatization/listing of the companies on BSE given unfavourable conditions of the markets.

The programme began with the announcement published on the Ministry of Economy and Commerce website of the list of the companies for which new managers will be recruited, such as: S.C. Hidroelectrica S.A, S.C. Oltechim S.A, Societatea Nationala a Lignitului Oltenia (SNLO), Electrica Furnizare and Compania Nationala Romarm S.A. This list is not the similar with the one proposed by IMF, according to news-flow, as the international financial institution included also the following companies: Nuclearelectrica, Transgaz, Romgaz and Transelectrica. The non-inclusion of these companies on the list proposed by the Ministry might be justified by the SPOs/IPOs initial intention to be launched for these companies.

On 19 Sep'11, the Ministry of Economy announced that Pedersen&Partners will be the consultant assisting the Ministry to create the request for proposals (RFP) for the selection of the recruiting company which will participate within the managers' selection process. For the consultancy selection, there were submitted five offers, but only three of them have been validated by the committee of the ministry, because the other two exceeded the submission deadline.

▪ ***The foundation of the two energy giants has been stopped...other plans for energy sector restructuring take the stage***

The Government has given up to the foundation of the two energy giants, Electra and Hidroenergetica, as announced by FP. Currently, the Government intend to found two smaller energy companies, Complexul Energetic Oltenia and Complexul Energetic Hunedoara, which has more similar activity compared to the two energy-giants structure. We should have more details once the Ministry of Economy will publish the National Strategy for Energy Sector for 2011-2035 for public debate at the end of October 2011.

Thus, Societatea Nationala a Lignitului Oltenia, CE Craiova, CE Turceni and CE Rovinari will merge into Complexul Energetic Oltenia that is going to be listed within 24 months since its inception. Complexul Energetic Hunedoara will include Paroseni and Mintia thermal-power plants together with the viable mines part of CNH (Compania Nationala a Huilei).

In our opinion, the new plan seems more adequate for an effective and sustainable restructuring of energy producers, but we need to see further firm steps into this direction in order to have a better view on those companies.

▪ ***Current and potential changes of Fund's share capital***

FTIML announced on 31 May 2011 that the Romanian High Court of Justice and Cassation rejected the second appeal filed by FP against the decision issued by the Ploiesti Court of Appeal in the file regarding Electromecanica, releasing an irrevocable decision in this case. The appeal made by the Fund is related to legal actions initiated by FP in 2009 that took legal actions against Electromecanica SA at Prahova Court, requesting the company to register the Fund as being the owner of the 1.002.301 Electromecanica SA shares valued at RON 21.436m by an independent valuator. Electromecanica SA states that the Romanian State nor AVAS did not hold the shares as of the date of transfer from AVAS to the Fund (29 June 2007), but another company owned 100% of the shares, Romarm. Thus, the Ministry of Finance did not pay the amount related to the aforementioned shares of Electromecanica, so the Fund started to report the subscribed capital of RON 13.778m and the paid-up capital of RON 13.756955m, respectively. The Fund Manager will take all the necessary steps to recover the money from Romanian State represented by the Ministry of Finance.

Nevertheless, the Fund manager mentioned in the half yearly report that potential changes of paid-up share capital might be recorded in relation with similar trials as Electromecanica of the Fund against Uzina Mecanica and Nuclearelectrica. In case of Nuclearelectrica, on 22 April 2009, FP made a legal request to Bucharest Court against Nuclearelectrica and Ministry of Economy in order to be transferred to its portfolio a number of 20.077m Nuclearelectrica shares following the share capital increases run by Nuclearelectrica as decided by its shareholders on 13 December 2005 and on 26 September 2006 (share capital increase by RON 405.964m out of which in kind share capital increase of RON 363.368m) and of the Emergence Government Ordinance no. 68/2009. Subsequent to these share capital increases, the Fund claims is entitled to receive 20.077m shares from Nuclearelectrica (19.226m shares after the

first share capital increase and 851,922 shares as a result of the second share capital increase). If the Court rules irrevocably against the Fund in this litigation, the Fund will ask the Ministry of Finance to pay the difference between the amount set out in the independent valuator report for the shares presumed to be owned by the Fund at Nuclearelectrica for which an equivalent value of the Fund's shares were allotted to the Ministry of Finance and the value of the actual number of Nuclearelectrica shares finally attributed to the Fund.

Buy-back programme has been completed – FTIML has bought 1.74% of FP's share capital (RON 120m)

Since our May 2011 update, FTIML continued the buy-back operations started at the beginning of May 2011. On 3 Oct'11, FTIML announced that the buy-back programme has been completed as FP acquired 1.74% of FP share capital, 240.3m shares respectively, at average price between RON 0.42616 and RON 0.5359. Cash used for the buy-back programme reached RON 120m as initially approved by the shareholders. FP's shareholders should decide upon these shares.

FTIML future plans for FP

- ***FTIML will propose to Fund's shareholders the secondary listing on Warsaw Stock Exchange***

Since our May report, FTIML decided to recommend FP's shareholders the secondary listing of FP shares on Warsaw Stock Exchange to increase Fund's visibility and liquidity. The secondary listing should be launched in Q1'12 and the Fund's Manager's intention is to combine the secondary listing with an offering of up to 10% of the existing shares. The secondary listing proposal should be approved by the Fund's shareholders at the upcoming shareholders meeting.

FP – Official NAV as of end-Aug'11

FP announced that its official NAV continues to decline up to RON 1.1450 as of end-Aug'11 (-1.5% mom), following losses posted by listed companies, as BET went down by 10.11% mom (31 August'11 vs. 31 July'11). Total NAV amounted to RON 15.35bn (EUR 3.63bn), out of which financial assets worth RON 9.40bn, almost flat compared to the previous month, short term investments came at RON 5.41bn (-8.75% mom) and cash&deposits decreased on monthly basis up to RON 376.17m (-23.68% mom).

The August NAV sector breakdown revealed that the Fund's largest exposure was on power utilities – generation at 33.58% (vs. 32.23% as of end-July'11) for the first time since FP listing. The exposure on oil&gas sector was 33.45% vs. 34.89% as of end-July'11. Also, FP's exposure on banks went slightly down to 3.75% as of end-August'11 from 3.79% as of end-July'11, while on aluminium the exposure increased slightly to 1.79% as of end-August'11 (vs. 1.62% as of end-July'11).

According to the Top 10 Holdings, OMV Petrom remains the largest exposure of the Fund, with 24.85% of NAV (vs. 26.80% as of end-July'11), followed by Hidroelectrica with 21.76% of NAV (vs. 20.89% as of end-July'11), Romgaz with 7.95% of NAV (vs. 7.63% as of end-July'11), Nuclearelectrica with 4.79% of NAV (vs. 4.60% as of end-July'11) and Complexul Energetic Turceni with 3.4% of NAV (vs. 3.27% as of end-July'11).

Also, country's NAV breakdown showed that the Fund declined its exposure of foreign assets up to 1.72% of total assets (vs 2.09% as of end-July'11) due to significant losses posted by foreign banks during August given Euro sovereign debt crisis concerns.

Aug'11 NAV statement points to a mild evolution of net profit up to RON 548.875m for 8M'11 vs. RON 543.142m in H1'11, as changes in fund's portfolio has no significant impact on FP's P&L.

FP – Portfolio changes in Q2'11/H1'11

In Q2'11, the Fund continued to make several changes in its portfolio of listed shares by buying additional shares in BRD-GSG, Azomures, Erste Group Bank AG and Raiffeisen Bank International AG and by entering in Banca Transilvania shareholding structure. Also, FTIML sold shares in Vitacom and Oil Terminal. The main changes in FP's portfolio referring to the listed shares between April and June are presented in the table below. Also, the fund received in May 2011 the money for its shares held in Comcereal Harghita. Comcereal Harghita shareholders decided to delist the company from BSE and FP subscribed within the delisting process.

Company	Current stake (%) (end-June'11)	Previous stake (%) (end-Mar'11)	Current value (RONm) (end-June'11)	Previous value (RONm) (end-March'11)
BRD-GSG	2.24%	1.69%	218.563	175.623
Azomures	10.74%	8.75%	44.641	29.027
Banca Transilvania	0.12%	-	2.382	-
Vitacom	46.40%	46.91%	0.327	0.116
Oil Terminal	8.45%	10.00%	12.304	14.852
ERSTE GROUP BANK AG	0.32%	0.25%	187.941	143.198
RAIFFEISEN BANK INTERNATIONAL AG	0.55%	0.43%	163.339	137.854

Source: Fondul Proprietatea Detailed Investments, BRD-GSG

As regards the unlisted shares, the Fund succeeded to sell its stake in Laromet (4.2%) in Q2'11 through public auction, adding to the amount worth RON 0.067m recorded in Q1'11 as revenues from assets sold. Thus, during the first six months of 2011, FP organized public auctions for three out of the five stakes put up for sale, as presented in the table below:

Company	M o	Sector	FP's stake	Weight in Official NAV as of end-Jun'11	Weight in Fair NAV (latest calculations)	Sold/Not sold
Commetex	e	Ceramic products distribution	16%	0.0011%	0.0017%	Not sold
Electroconstructia Elco Cluj Napoca	o	Sevices	7.6%	0.0033%	0.0026%	Not sold
Laromet	o	Non-ferrous producers	0%	0%	0%	Sold
Çiocarla	'	HoReCa	1.68%	0.0026%	0.0003%	Not sold
Marlin		Financial leasing	0%	0%	0%	Sold
Familial Restaurant		Restaurant	0%	0%	0%	Sold

Source: Fondul Proprietatea, BRD-GSG

Retizoh (FP owns 7.37% of company's share capital) is in liquidation process, but the Fund will be recorded as shareholder of the company until it is removed from Trade Registry. However, we did not take it into account in computing fair NAV of the Fund.

The effect of financial assets disposal on the FP's H1'11 bottom line was only marginal since the revenues stemming from the three selling operations accounted only for 1.63% of total operating revenues.

H1'11 FP RAS results – dividends were supportive for the bottom line

FP ended the first half of the year with net profit of RON 543.1m (+158% yoy), as in Q2'11 it booked higher dividends than in Q2'10. Thus, revenues from financial assets were approx. 3x higher than a year-ago period, with Petrom (RON 201.6m) and Romgaz (RON 106.0m) dividends accounting for 60% of total dividends booked.

The other important revenues driver, interest income contracted by 45.4% yoy in H1'11 due to the lower level of deposits and treasury bills held by the fund during H1'11 (-45.6% ytd) as a result of the dividend payments started in June 2011, payments for the shares acquisitions made within H1'11 and T-bills that reach their maturity.

The fund also registered in H1'11 a reversal of impairment adjustments&provisions for the 2005 dividend receivables from Transgaz worth RON 9.6m and Romgaz worth RON 18.7m, following favourable court's decisions.

Regarding the shares acquisition/selling operations run by FP in H1'11, please *see FP – Portfolio changes in Q2'11/H1'11*.

Total expenses from current activity slightly decreased by 3.3% yoy to RON 48.5m in H1'11 as lower by 98.5% yoy expenses from FX differences (RON 0.6m in H1'11) managed to offset advances exhibited by the other expenses items. The most significant expenses line (48% of total expenses from current activity) was represented by other expenses worth RON 23.2m, out of which FTIML management and administration fee accounted for 87%. Expenses from disposal of assets (RON 4m, out of which RON 3.9m booked in Q2'11) were related to the holdings sold during H1'11 (Marlin and Familial Restaurant were sold in Q'11, while the other disposals occurred in Q2'11) and led to a gross profit from assets disposal of RON 5.7m. Depreciation expenses line worth RON 11.7m represents the unpaid amount by the Ministry of Finance with regards to the cancellation of the State's contribution to FP's share capital with Electromecanica Ploiesti shares. Mandatory fees payable to NSC and the Central Depository reached RON 9m during the first half of 2011. Nevertheless, income tax fell by 71.4% yoy to RON 2m given a lower income tax base in H1'11 (revenues from dividends were considered non taxable as they were already recorded net of any tax withheld at source).

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(October 2011)**
Premium List

Selected from stocks expected to outperform the market by over 25%.

Buy

Expected to outperform the market by at least 10%.

Hold

Expected to perform in line with the market +/-10%.

Sell

Expected to underperform the market by at least 10%.

Assumptions

12 month time horizon and flat market over forecast period.

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Appendices

Appendix 1 – Unlisted companies implied value (base scenario). Sector multiples are detailed in Appendix 2 – Peers' Multiples*

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Oil&Gas	Romgaz SA (2010)	Energy-Natural gas producer	3,574.22	1,497.81	(49.85)	212.48	1.10	4.56	1.97	233.36	179.62	183.40	1,340.17	1,031.31	1,053.05
	Petrotel - Lukoil SA (2009)	Refinery	3,320.93	(180.13)	63.78	-3.69	1.11	7.83	1.73	na	na	58.32	na	na	125.39

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Electricity generation	Hidroelectrica SA (2010)	Energy-Producer	3,273.70	1,377.01	1,801.51	37.88	0.81	6.51	1.09	30.72	16.12	8.01	2,720.73	1,427.79	709.64
	Nuclearelectrica SA (2010)	Energy-Producer	1,514.72	560.36	2,368.49	29.81	0.81	6.51	1.09	24.17	5.04	6.49	596.51	124.27	160.06
	Complexul Energetic Turceni SA (2010)	Energy-Producer	1,043.71	198.37	522.01	45.89	0.81	6.51	1.09	37.21	16.74	24.70	423.79	190.56	281.16
	Complexul Energetic Craiova SA (2010)	Energy-Producer	1,097.81	86.23	174.67	42.34	0.81	6.51	1.09	34.33	14.94	46.13	216.36	94.12	290.60
	Complexul Energetic Rovinari SA (2010)	Energy-Producer	794.63	119.13	357.29	52.53	0.81	6.51	1.09	42.60	17.86	36.90	235.35	98.66	203.87

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Electricity distribution	Electrica Distributie Muntenia Nord SA (2010)	Energy-Distribution	596.09	105.59	(125.75)	30.54	0.43	4.59	0.43	13.13	17.23	7.31	102.34	134.23	56.94
	ENEL Distributie Banat SA (2010)	Energy-Distribution	556.04	239.44	(462.19)	34.35	0.43	4.59	0.43	14.76	40.85	6.32	136.14	376.56	58.26
	E. ON Moldova Distributie SA (2009)	Energy-Distribution	630.07	143.66	15.12	14.78	0.67	4.44	0.43	9.91	12.46	5.36	108.98	137.00	58.97
	Electrica Distributie Transilvania Sud SA (2010)	Energy-Distribution	593.00	124.77	(23.03)	19.68	0.43	4.59	0.43	8.46	14.05	6.08	78.89	130.99	56.64
	ENEL Distributie Dobrogea SA (2010)	Energy-Distribution	407.97	159.73	(265.75)	32.38	0.43	4.59	0.43	13.92	35.64	6.32	93.99	240.63	42.69
	Electrica Distributie Transilvania Nord SA (2010)	Energy-Distribution	510.03	107.49	20.21	20.92	0.43	4.59	0.43	8.99	12.74	5.97	73.44	104.10	48.74
	ENEL Distributie Muntenia SA (2010)	Energy-Distribution	733.83	215.44	(1,859.00)	103.56	0.43	4.59	0.43	44.51	104.95	11.75	144.95	341.74	38.25

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Materials	Societatea Nationala a Sarii SA (2009)	Salt production	188.41	19.48	(5.41)	39.14	0.76	4.27	3.05	29.86	21.65	140.29	59.90	43.42	281.35
	Zirom SA (2009)	Manufacturer of titanium and titanium alloy ingots	7.29	(0.58)	(2.96)	9.58	0.76	4.27	3.05	7.31	0.13	6.13	26.49	0.48	22.22

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Transportation	CN Aeroporturi Bucuresti (2010)	Airport	396.81	164.75	(62.11)	347.24	1.05	7.31	2.35	363.86	88.07	64.80	1,046.25	253.24	186.33
	Aeroportul Intl Timisoara - Traian Vuia SA (2009)	Airport	41.07	9.27	4.31	153.54	1.22	7.64	2.12	187.65	413.66	541.16	6.01	13.30	17.40
	Aeroportul Intl Mihail Kogalniceanu SA (2009)	Airport	14.07	0.46	(0.74)	107.86	1.22	7.64	2.12	131.82	36.74	257.45	3.05	0.85	5.96
	CN Administratia Porturilor Maritime SA (2009)	Port	209.79	41.12	54.72	44.16	0.84	7.53	3.11	37.09	37.24	95.17	50.77	50.95	130.24
	CN Administratia Canalelor Navigabile SA (2009)	Port	36.15	6.66	(9.70)	77.39	0.84	7.53	3.11	64.98	58.92	110.52	13.20	11.97	22.45
	CN Administratia Porturilor Dunarii Maritime SA (2009)	Port	9.33	(0.17)	(0.13)	79.48	0.84	7.53	3.11	66.75	na	272.88	1.42	na	5.80
	CN Administratia Porturilor Dunarii Fluviale SA (2009)	Port	18.64	5.24	(3.27)	153.81	0.84	7.53	3.11	129.16	310.12	420.18	3.56	8.55	11.58

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Other services	Posta Romana SA (2010)	National Post Office	1,376.85	(66.48)	28.32	9.57	1.33	4.15	0.32	12.73	na	7.45	189.39	na	108.67
	Electroconstructia Elco Cluj SA (2009)	Installations assembly	7.00	na	0.16	1.67	0.70	na	na	1.17	na	na	0.38	na	na
	Celuloza si Otel SA (2009)	Recycling	18.95	0.70	1.20	121.27	0.70	na	na	84.91	na	na	0.32	na	na
	Salubriserv SA (2009)	Waste collection	25.51	10.46	37.88	172.46	0.70	na	na	120.72	na	na	5.22	na	na
	World Trade Center Bucuresti SA (2009)	HoReCa	46.30	5.27	(30.95)	-113.39	1.34	5.62	0.52	na	60.60	23.93	na	12.05	4.76
	World Trade Hotel SA (2009)	HoReCa	na	(0.00)	(0.09)	1.00	1.34	5.62	0.52	0.70	0.98	0.00	0.01	0.02	0.00
	Ciocarla SA (2009)	HoReCa	5.67	na	na	110.54	1.81	5.62	0.52	147.76	na	9.29	0.78	na	0.05

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Natural gas distribution	E.ON Gaz Distributie SA (2009)	Energy-Distribution	724.46	201.32	74.07	8.21	1.10	4.84	0.47	9.01	8.22	3.13	118.54	108.00	41.17
	GDF Suez Energy Romania (ex. Distrigaz Sud SA) (2010)	Energy-Distribution	3,541.51	444.05	406.26	159.18	1.00	5.24	0.41	158.74	108.20	82.68	337.78	230.23	175.94

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Natural gas supply	E.ON Energie Romania (ex. E.ON Gaz Romania) (2009)	Energy-Natural gas&Electricity supply	2,557.67	111.38	(12.76)	15.32	0.67	4.44	0.43	10.27	6.86	14.72	101.75	67.93	145.69

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Electricity supply	Electrica Furnizare Muntenia Nord SA (2009)	Energy- Electricity supply	1,326.21	(11.86)	(7.14)	5.47	0.67	4.44	0.43	3.67	na	216.98	2.10	na	124.12
	Electrica Furnizare Transilvania Nord SA (2009)	Energy-Electricity supply	1,175.55	(10.98)	(1.29)	18.20	0.67	4.44	0.43	12.20	na	308.78	4.35	na	110.02
	Electrica Furnizare Transilvania Sud SA (2009)	Energy-Electricity supply	1,335.07	(28.84)	25.44	20.25	0.67	4.44	0.43	13.58	na	285.23	5.95	na	124.95
	ENEL Energie SA (2009)	Energy-Electricity supply	1,849.63	(114.57)	(159.06)	14.06	0.67	4.44	0.43	9.42	na	56.20	15.83	na	94.42
	Enel Energie Muntenia SA (2009)	Energy-Electricity supply	1,919.52	(20.65)	(372.79)	83.40	0.67	4.44	0.43	55.92	75.96	220.67	24.83	33.73	97.99

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Capital goods	Uzina Mecanica Bucuresti SA (2009)	Defense industry	23.01	na	na	5.71	1.09	4.72	0.33	6.24	na	0.95	18.41	na	2.81

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Retail	Comsig SA (2009)	Retail (food)	0.11	0.01	(0.11)	2.03	1.83	7.07	0.30	3.72	1.65	0.30	0.28	0.13	0.02
	Zamur Targu Mures SA (2009)	Food producer	32.37	2.81	(17.96)	7.49	1.83	7.07	0.30	13.69	6.65	1.69	5.51	2.72	0.69
	Commetex SA (2009)	Ceramics products wholesale	0.93	0.05	(0.07)	3.20	1.83	7.07	0.30	5.84	0.95	0.66	0.39	0.06	0.04

Source: Prospectus,FactSet, BRD-GSG

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Financial services	Carom - Broker Asigurare SA (2009)	Insurance	1.13	(0.00)	(0.40)	62.80	0.40	6.68	2.22	25.32	15.34	100.50	0.44	0.27	1.76
	Cetatea SA (2009)	Real Estate Agent	0.20	0.06	0.07	1.20	0.40	6.68	2.22	0.48	0.20	0.26	0.17	0.07	0.09

Source: Prospectus,FactSet, BRD-GSG

* Calculations in the tables above are based on the latest available financial data (2009/2010), as mentioned within the "Company" column

Appendix 2 - Peers' Multiples

Airport sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			Ev/EBIDTA			EV (EURm)			Return on assets (ROA)			Return on equity (ROE)		
			2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Aeroporto di Firenze-A.d.F. S.p.A.	Italy	85				3.66	2.44													
Brisa-Autoestradas de Portugal S/A	Portugal	1,595	1.11	0.81	0.86	6.36	4.65	2.33	16.02	11.35	8.24	7,693.4	5,389.2	3,930.6	2.50%	14.56%	2.19%	9.84%	30.69%	6.53%
Derichebourg	France	461	2.25	1.82	1.33	0.22	0.28	0.12	14.41	7.06	4.46	1,467.3	1,736.5	1,209.5				-30.45%	27.00%	28.25%
Gemina S.p.A.	Italy	893	0.61	0.54	0.53	1.48	1.31	1.40	10.28	8.76	8.25	2,235.0	2,148.2	2,192.3		-0.28%	-0.09%	-0.39%	0.08%	-0.11%
Kobenhavns Lufthavn A/S	Denmark	1,687	3.94	3.61	3.81	3.29	4.72	3.73	8.54	10.12	9.34	1,760.1	2,314.6	2,177.2		10.26%	7.59%	20.29%	22.00%	22.54%
Flughafen Wien AG	Austria	672	0.84	0.82	0.78	1.46	2.02	1.17	8.45	10.64	8.41	1,405.5	1,787.4	1,565.3	3.64%	3.75%	3.78%	8.44%	10.00%	9.49%
Shenzhen Airport Co. Ltd.	China	1,464	1.72	1.38	1.20	4.72	8.05	5.99	7.78	14.71	12.53	716.6	1,634.9	1,582.5	6.97%	8.47%	7.33%	10.72%	13.84%	11.79%
Average			1.7x	1.5x	1.4x	3.0x	3.4x	2.5x	10.9x	10.4x	8.5x				4.37%	7.35%	4.16%	3.07%	17.27%	13.08%

Source: FactSet

Electricity distribution sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			EV/EBIDTA			Return on assets (ROA)			Return on equity (ROE)		
			2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
EMASZ Nyrt.	Hungary	143															
IDGC of Centre JSC	Russia	787	1.22	0.93	0.85	0.61	0.81	0.50	4.49	4.70	3.13	6.70%	13.16%		5.74%	12.66%	22.01%
Interregional Distribution Grid Co. of Siberia	Russia	304	1.06	0.44	0.46	0.52	0.47	0.23	6.12	8.99	3.82	-1.25%	2.47%		-2.49%	-1.79%	
Interregional Distribution Grid Co. of South	Russia	74		0.19	0.12	0.48	0.39	0.12	7.45	5.18	2.87	-0.06%	2.10%			1.77%	
Interregional Distribution Grid Co. of the North-West	Russia	257		0.42	0.46	0.80	0.69	0.34	8.22	8.78	4.11	1.15%	2.69%			1.31%	
Interregional Distribution Grid Co. of Urals	Russia	274	0.54	0.25	0.26	0.52	0.55	0.21	5.26	3.95	2.20	5.40%	5.38%		9.28%	2.52%	
Interregional Distribution Grid Co. of Volga	Russia	759	1.02	1.45	1.26	0.72	0.82	0.73	6.51	7.75	5.48	3.22%	5.97%		3.54%	5.56%	
Moscow Heat Distribution Co.	Russia	512														45.03%	
Vst Lt130	Lithuania																
Elmu Nyrt.	Hungary	414															
Average			1.0 x	0.6 x	0.6 x	0.6 x	0.6 x	0.4 x	6.3 x	6.6 x	3.6 x	na	2.53%	5.30%	5.74%	13.60%	5.23%

Source: FactSet

Electricity sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			Ev/EBIDTA			Return on assets (ROA)		Return on Equity (ROE)		
			2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2009	2010	2011
JKX Oil & Gas PLC	Great-Britain	326	0.78	0.97	0.88	3.65	4.39	1.66	4.22	8.03	3.18	18.13%	11.07%	19.15%		11.79%
Lundin Petroleum AB	Sweden	4,057	5.38	5.73	4.71	1.80	5.04	4.77	9.14	7.84	6.42	0.79%	11.86%	3.09%		6.66%
Etablissements Maurel & Prom	France	1,494	1.58	1.85	1.53	8.39	3.70	2.66	25.89	10.23	5.12	4.46%	2.55%	2.32%		4.39%
Melrose Resources PLC	Great-Britain	182	0.79	0.79	0.67	2.25	1.71	0.87	5.52	6.05	2.74	1.24%	1.10%	7.31%		2.73%
PA Resources AB	Sweden	136	0.24	0.23	0.27	1.95	2.15	0.55	5.82	6.23	3.61	0.87%	-0.81%	1.66%		-1.48%
Premier Oil PLC	Great-Britain	1,887	2.63	2.20	1.91	3.29	4.65	2.71	7.06	8.94	5.61	4.42%	4.15%	9.54%		11.61%
Providence Resources PLC	Ireland	107			4.55	0.24			37.56							
Sefton Resources Inc.	Great-Britain	8				1.47										
Slavneft-Megionneftegaz JSC	Russia	951														
Total Gabon S.A.	France	1,292	1.20	0.95	0.88	1.50	1.39	1.16	2.65	2.05	1.45			14.48%		20.09%
Yinggao Holdings PLC	Great-Britain	47														
Gazprom OAO	Russia	82,047	0.65	0.50	0.41	1.46	1.26	0.73	5.39	4.05	2.30	7.78%	9.26%	11.65%		16.36%
PGMIG.	Poland	5,412	1.04	0.91	0.98	1.21	0.99	1.02	8.62	5.21	7.89	3.06%	5.44%	4.55%		8.22%
Average			1.6 x	1.6 x	1.7 x	2.5 x	2.8 x	1.8 x	11.2 x	6.5 x	4.3 x	5.10%	5.58%	8.20%		8.93%

Source: FactSet

Electricity generation

Company	Country	Market Cap.	Price/Book			Market capitalization/Sales			Ev/EBIDTA			Return on assets (ROA)			Return on equity (ROE)		
			2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Cez A.S.	Czech Republic	15,455	2.00	1.74	1.61	2.37	2.12	1.89	6.41	6.29	6.40	9.82%	8.27%	7.04%	25.80%	23.08%	18.31%
Enea S.A.	Poland	1,610	0.74	0.65	0.68	1.32	1.33	0.76	7.45	5.60	3.13	5.21%	5.21%	5.23%		7.32%	6.63%
Enel S.p.A.	Italy	31,238	0.96	0.85	0.81	0.59	0.48	0.42	5.71	4.69	4.47	3.45%	3.02%	2.84%	16.02%	13.00%	11.65%
EnBW Energie Baden-Wuerttemberg AG	Germany	8,453	1.32			0.68	0.62		6.60						17.60%	13.11%	
International Power PLC	Great-Britain	18,145	1.35	1.25	0.98	1.28	2.00	1.12	7.60	5.84	7.17		2.96%	3.84%	11.78%	8.60%	8.67%
Scottish & Southern Energy PLC	Great-Britain	14,102	3.48	2.68	2.60	0.50	0.40	0.48	9.09	8.19	9.00	6.32%	5.85%	5.91%	30.44%	28.35%	23.09%
Zespol Elektrociepłowni Wroclawskich Kog	Poland	253				1.21											
Elektrociepłownia Bedzin S.A.	Poland	21															
Wholesale Generation Co.-5	Russia	1,582	1.12	1.00	0.89	1.73	1.89	0.99	11.92	12.02	5.41	3.54%	4.71%	7.71%	5.28%	7.94%	12.64%
PGE Polska Grupa Energetyczna S.A.	Poland	8,233	1.02	0.88	0.89	1.97	2.09	1.31	5.06	6.32	4.50		5.80%	8.09%		9.45%	10.33%
Wholesale Generation Co.-1	Russia	1,171	0.96	0.81	0.72	0.66	0.98	0.75	6.41	4.97	3.63	4.05%	4.64%	7.87%	7.69%	1.63%	9.21%
Wholesale Generation Co.-3	Russia	1,026	0.46	0.47	0.45	1.76	2.03	0.96	3.70	17.97	4.85	4.82%	2.36%	2.55%	4.64%	2.54%	2.67%
Yakutskenergo	Russia	82															
Yenisei Territorial Generating Co. (TGC-13)	Russia	380	0.68	0.65	0.68	0.87	1.06	0.87		11.55	10.25			-1.45%			0.00%
Photonike S.A.	Belgium																
Tauron Polska Energia S.A.	Poland	2,024	0.62	0.55	0.59		0.75	0.47		4.13	3.24		3.78%	4.43%		6.82%	7.27%
Yinggao Holdings PLC	Great-Britain	47															
Aksa Enerji Uretim A.S.	Turkey	690		1.74	1.77		3.23	1.31		21.05	9.12		4.41%	2.72%			15.47%
Energie Europe Service S.A.	France	27															
Kea Petroleum PLC	Great-Britain	30															
Nopal AD	Serbia	0															
Poltavahimmash	Ukraine											-4.42%					
Verbund AG	Austria	7,530	2.10	1.79	1.78	2.63	2.76	2.18	10.38	12.23	11.02	6.78%	4.14%	3.46%	21.14%	13.56%	9.65%
Average			1.3 x	1.2 x	1.1 x	1.4 x	1.6 x	1.0 x	7.3 x	9.3 x	6.3 x	4.40%	4.60%	4.63%	15.60%	11.28%	10.43%

Source: FactSet

Maritime ports and services

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			Ev/EBIDTA			Return on assets (ROA)			Return on equity (ROE)		
			2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Diana Shipping Inc.	Greece	453	0.67	0.52	0.50	4.93	3.74	2.44	6.94	5.51	3.59	9.15%	8.39%	6.63%	12.94%	12.51%	9.10%
DryShips Inc.	Greece	712	0.24	0.22	0.26	3.56	2.13	0.90	7.19	6.61	7.40	2.00%	2.88%	0.93%	6.23%	11.36%	5.71%
Klm Royal Dutch Airls Com Ny Reg New	Netherlands	244															
Navios Maritime Holdings Inc.	Greece	240	0.38		0.28	1.01	0.78	0.51			5.21	3.03%	4.22%	1.25%	7.97%	8.13%	
Seaspan Corp.	Hong Kong	589	0.81	0.79	0.58	2.18	2.09	1.40	11.34	10.09	8.17	2.22%	-3.83%	1.27%	9.44%	8.54%	6.20%
TOP Ships Inc.	Greece	4				0.28	0.39										
Shenzhen Yan Tian Port Holdings Co. Ltd.	China	1,413	2.14	1.87	1.64	14.66	28.14	29.46	17.56	26.41	16.72	9.23%		9.04%		10.94%	10.65%
Thessaloniki Port Authority S.A.	Greece	134	1.16	1.16	25.32												
Shenzhen Yantian Port Hldgs Co Ltd	China	716		2.64	18.80												
Jinzhou Port	China	731															
Bintulu Port	Malaysia	529	3.00	2.89	16.88												
Average			1.2 x	1.4 x	8.0 x	4.4 x	6.2 x	6.9 x	10.8 x	12.2 x	8.2 x	5.13%	2.92%	3.83%	9.15%	10.30%	7.92%

Source: FactSet

Gas distributors sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			Ev/EBIDTA			Return on assets (ROA)			Return on equity (ROE)		
			2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Acegas APS S.p.A.	Italy	187	0.54			0.47	0.40		6.65						3.32%		
ACSM-AGAM S.p.A.	Italy	60					0.36										
Altergaz	France	281															
Aygaz A.S.	Turkey	1,157	1.50	1.23	1.23	0.44	0.53	0.55	4.60	7.53	7.32	10.90%	8.95%	12.81%	15.42%	15.92%	15.86%
Centrica PLC	Great-Britain	17,875	3.76	2.66	2.53	0.66	0.76	0.69	6.83	6.23	5.51		11.00%	7.42%	21.24%	29.06%	22.79%
Gas Natural SDG S.A.	Spain	12,674	1.04	1.01	0.98	0.93	0.54	0.63	8.58	6.54	6.33	2.86%	2.72%	3.64%	12.05%	10.01%	10.06%
GDF Suez S.A.	France	50,520	0.84	0.81	0.79	0.86	0.72	0.55	7.14	6.33	5.45	2.79%	2.61%	2.32%	7.91%	7.17%	6.59%
Latvijas Gaze AS	Latvia	301															
Leon Gas S.A.	France																
Lietuvos Dujos AB	Lithuania	268															
Rubis S.A.	France	1,153	1.72	1.42	1.33	0.70	0.83	0.57	7.71	10.77	8.91		4.91%		10.29%	10.30%	8.39%
Vychodoceska Plynacenska a.s.	Czech Republic																
Average			1.6 x	1.4 x	1.4 x	0.7 x	0.6 x	0.6 x	6.9 x	7.5 x	6.7 x	0.1 x	6.04%	6.55%	11.71%	14.49%	12.74%

Source: FactSet

Commodities sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			Ev/EBIDTA			Return on assets (ROA)			Return on equity (ROE)		
			2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
ENK PLC	Great-Britain	40						22.12				-9.41%	-7.73%				
Gruppo Minerali Maffei S.p.A.	Italy	18				0.38											
Minco PLC	Ireland	11															
Boliden AB	Sweden	2,133	1.36	1.03	0.93	0.91	1.02	0.49	6.43	5.77	3.44	6.54%	9.86%	9.90%	13.36%	22.08%	18.73%
Griffin Mining Ltd.	Great-Britain	93	0.77	1.52	0.82	4.31	4.74	1.70	2.25	7.27	1.14	-0.48%			-0.55%		14.19%
Xstrata PLC	Great-Britain	28,254	1.13	0.93	0.82	2.34	2.29	1.07	9.63	7.57	3.56	3.54%	8.15%	8.54%	7.32%	14.91%	15.33%
China Technology Development Group Corp.	China	15															
Frontier Mining Ltd.	Great-Britain	64				13.84	20.44	4.02			7.01						
GoldStone Resources Ltd.	Great-Britain	18															
Halogen Holdings S.A.	Luxembourg																
Average			1.1 x	1.2 x	0.9 x	4.4 x	7.1 x	5.9 x	6.1 x	6.9 x	3.8 x	0.0 x	3.43%	9.22%	6.71%	18.50%	16.08%

Source: FactSet

Postal services

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			Ev/EBIDTA			Return on assets (ROA)			Return on equity (ROE)		
			2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
A Toute Vitesse S.A.	France	2															
CargoLifter AG	Germany	1															
Deutsche Post AG	Germany	11,637	1.39	1.12	1.07	0.35	0.30	0.22	7.13	5.08	3.34	2.37%	6.13%	3.63%	10.20%	17.76%	13.00%
DLO Deutsche Logistik Outsourcing	Germany	0															
Financiere de l'Odé S.A.	France	2,117															
Oesterreichische Post AG	Austria	1,443	2.15	2.07	2.07	0.55	0.71	0.62	4.22	5.32	4.12	6.02%	6.10%	7.53%	17.03%	16.80%	19.50%
Pekaes S.A.	Poland	45															
UK Mail Group PLC	Great-Britain	139	2.16	2.02	1.96	0.45	0.45	0.28	6.43	6.83	4.22				21.47%	23.74%	19.82%
Average			1.9 x	1.7 x	1.7 x	0.5 x	0.5 x	0.4 x	5.9 x	5.7 x	3.9 x	4.20%	6.12%	5.58%	16.23%	19.44%	17.44%

Source: FactSet

Appendix 3 - FP's Financial Statements

Balance Sheet (RONm)	2008	2009	2010	H1'11
Intangible assets	0.00	0.01	0.00	0.00
Tangible Assets	0.76	0.50	0.00	0.00
Land and Buildings	0.10	0.00	0.00	0.00
Machinery and equipments	0.58	0.43	0.00	0.00
Others	0.08	0.07	0.00	0.00
Financial Assets	9,410.69	9,552.14	10,890.52	12,003.14
Securities held for LT term	9,410.55	9,552.01	7,004.42	7,588.72
Other claims	0.13	0.13	3,886.11	4,414.42
Total Fixed assets	9,411.45	9,552.64	10,890.52	12,003.14
Inventories	0.00	0.00	0.00	0.00
Receivables	569.83	515.55	12.44	327.66
commercial claims	0.01	0.00	0.09	0.00
other claims	8.56	18.13	12.35	327.66
share capital subscribed and not paid	561.27	497.42	0.00	0.00
Short term investments	397.65	0.00	248.02	15.87
Cash and current bank accounts	572.16	2,151.22	1,071.97	702.34
Deposits (in RON)	570.66	2,149.73	0.00	0.00
RON	409.33	963.68	1,064.77	0.00
EUR (in EUR)/FX	161.33	1,186.06	0.00	0.00
Current accounts, cash and Treasury advances	1.50	1.48	7.21	29.85
			0.00	0.00
Current Assets	1,539.64	2,666.77	1,332.43	1,045.86
Prepaid expenses	1.04	0.06	0.03	0.13
other assets	0.00	0.00	0.00	0.00
Total Assets	10,952.13	12,219.47	12,222.99	13,049.13
Liabilities to be paid within one year	9.18	7.38	69.29	245.40
Commercial liabilities	1.92	0.11	25.53	22.98
Liabilities related to financial assets			0.00	0.00
Other liabilities	7.26	7.27	43.76	222.41
Provisions expenses	16.09	15.06	14.42	14.20
provisions for taxes	14.12	14.12	14.14	14.14
other provisions	1.96	0.94	0.29	0.06
Capital	14,240.54	14,240.54	13,778.39	13,778.39
subscribed and not paid share capital	561.27	497.42	0.00	21.44
subscribed and paid share capital	13,679.27	13,743.12	13,778.39	13,756.96
Reserves	(3,832.13)	(3,242.11)	(2,146.21)	(1,571.08)
Legal reserves	29.16	79.15	102.52	102.52
Loss adjustments for financial assets	(3,981.59)	(3,441.56)	(2,369.14)	(1,794.01)
Other reserves	120.30	120.30	120.41	120.41
Treasury shares			0.00	(35.28)
Reported result	74.14	504.96	74.28	74.36
Net result	467.70	730.14	456.18	543.14
Profit repartization	23.39	36.51	23.37	0.00
Total Equity	10,926.86	12,197.03	12,139.28	12,789.54
Total Sh Equity and Liabilities	10,952.13	12,219.47	12,222.99	13,049.13

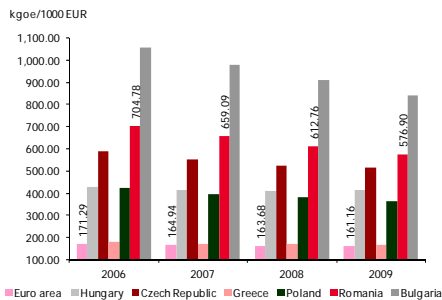
Source: FP's RAS financial statements, BRD-GSG

Profit and Loss Account (RONm)	2008	2009	2010	H1'11
Dividend revenues	384.75	118.17	179.05	513.21
Revenues from assets sold	0.00	980.24	0.00	9.71
Provision revenues	11.48	31.57	217.36	28.78
FX revenues	43.36	47.73	47.73	1.47
Interest revenues	84.45	142.47	131.47	29.20
Other current revenues	0.05	0.20	1.02	11.35
TOTAL OPERATING REVENUES	524.09	1,320.36	576.63	593.71
Losses from stakes held	0.06	0.00	0.00	0.00
Expenses with stakes sold	0.00	428.74	0.00	3.98
FX expenses	23.82	33.00	56.90	0.63
Interest expenses	0.00	0.00	0.00	0.00
Fees expenses	0.10	0.31	6.00	9.00
Banking services expenses	0.12	0.15	0.13	0.02
Depreciations, provisions and oth losses	3.09	0.64	0.24	11.71
Other operating expenses	15.88	23.33	45.97	23.19
Materials expenses	0.15	0.14	0.16	0.00
Utilities expenses	0.04	0.05	0.03	0.00
Personell expenses	6.61	13.51	4.07	0.51
Third parties expenses	8.85	8.81	33.56	22.56
Other tax expenses	0.24	0.82	8.15	0.12
TOTAL OPERATING EXPENSES	43.09	486.17	109.24	48.52
OPERATING RESULT	481.00	834.19	467.39	545.19
TOTAL REVENUES	524.09	1,320.36	576.63	593.71
TOTAL EXPENSES	43.09	486.17	109.24	48.52
GROSS PROFIT	481.00	834.19	467.39	545.19
Income tax expenses	13.30	104.05	11.20	2.04
NET PROFIT	467.70	730.14	456.18	543.14

Source: FP's RAS financial statements, BRD-GSG

Energy market anatomy - update

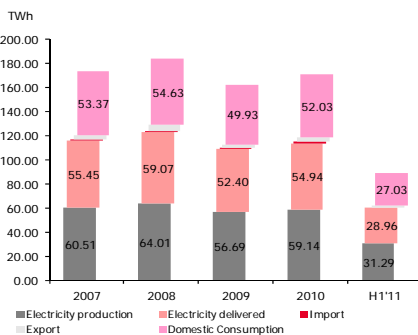
Energy intensity of the economy



Romania's economy is energy-intensive compared to its peers.

Source: Eurostat, BRD-GSG

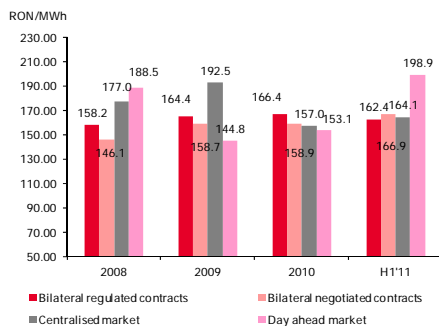
Electricity market evolution (TWh)



Domestic electricity consumption (+4.2% yoy) rebounded in 2010) after the 2009 contraction (-8.6% yoy), despite a 1.3% yoy GDP fall. In H1'11, domestic electricity consumption increased by 4% yoy, mainly helped by the recovery in industrial activity.

Source: ANRE reports, BRD-GSG

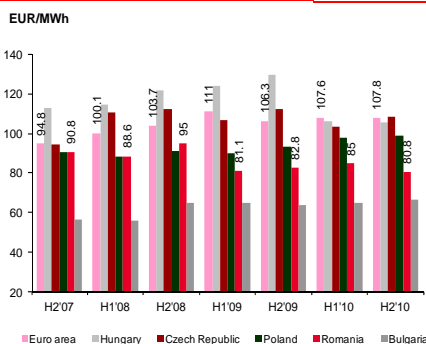
Price evolution on wholesale market



The prices of bilateral negotiated contracts are converging towards the prices on centralised market of contracts, while prices on day-ahead market significantly rose starting 2009 amid higher volumes contracted on this market

Source: ANRE reports, BRD-GSG

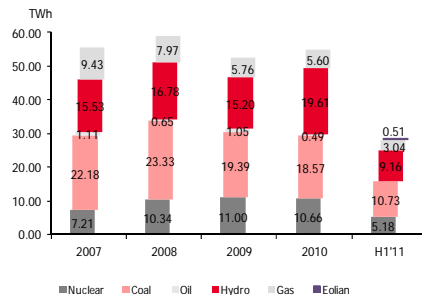
Prices for industrial consumers (EUR/MWh)*



H2'10 electricity prices for industrial consumers in Romania were 25% lower than the Euro area average.

Source: Eurostat, BRD-GSG

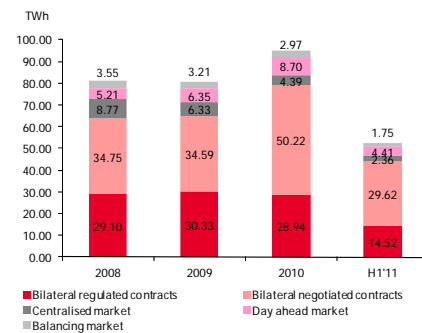
Electricity delivered by primary source in Romania



35.7% of 2010 electricity distributed, 54.9 TWh (+4.9% yoy) was generated by hydro plants, but their contribution declined in H1'11 to 31.6% amid droughty weather

Source: ANRE reports, BRD-GSG

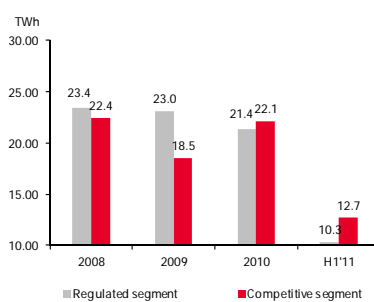
Trades on wholesale electricity market



The largest volume of electricity is traded on bilateral negotiated contracts market characterised by long-term agreements.

Source: ANRE reports, BRD-GSG

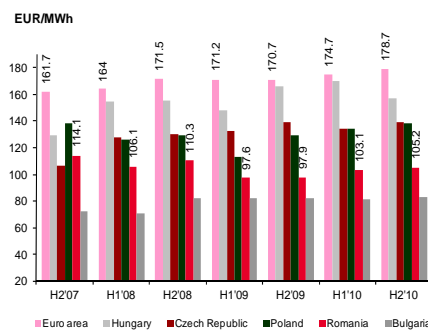
Retail electricity market (end-consumers)



Starting 2010, the largest part of final electricity consumption occurs on the competitive segment

Source: ANRE reports, BRD-GSG

Prices for household consumers (EUR/MWh)**



H2'10 electricity prices for household consumers in Romania were 41.1% lower than Euro area average. However, there is a smaller gap between prices for industrial consumers and prices for household consumers in Romania compared with Euro area.

Source: Eurostat, BRD-GSG

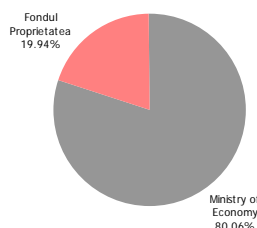
HIDROELECTRICA

Sector: Electricity Generation

Not Listed

Total no of shares	444.1m
Fair Value of FP's stake	RON 1,619.39m
% Fair NAV	14.68%
2010 DPS	RON 0.59
Dividends distributed to FP	RON 52.5m

Shareholders (as of end-2010)



Source: Hidroelectrica, BRD-GSG

Company Description

Hidroelectrica generates and sells hydro-electricity, renders system services for the National Energetic System (main provider), water management services and supports navigation on the Danube river through damming.

Similar Companies

Domestic market

Small hydro power plants

External market

Verbund, Rushydro, Tauron

Operational Data

Hidroelectrica, the largest electricity producer in Romania, is split into 13 regional branches and administers 273 hydro power plants and pumping stations. Also, Hidroelectrica is the sole shareholder of HidroServ subsidiaries that render repairs and maintenance services for the company's power units.

Installed capacity as of end-2010 amounted to 6.44 GW which is almost 31% of total electricity capacity in Romania (20.9 GW in 2010). Portile de Fier power units have the highest installed capacity, 1.46 GW respectively (23.4% of the total) and generated 39% of the company's total electricity output in 2010.

Business Overview

- ✓ According to the company's management report, in 2010 Hidroelectrica generated 19.9 TWh (+28% yoy) which accounted for around 33.6% of the total domestic electricity output (59.14 TWh, +4.3% yoy). The electricity volume was higher by 14% compared to an avg. hydrologic year (17.4 TWh), as the weather conditions were favorable during 2010. In H1'11, less rainfall led to lower by 5% yoy electricity production (9 TWh or 28.8% of total domestic electricity output vs. 33.3% in H1'10), forcing the company to purchase additional electricity from other local generators in order to honor its contractual obligations, according to local newsflow. Moreover, on 27 Sep'11 the company's management announced the enforcement of the majeure force clause for all existing contracts with its clients given that droughty weather impedes to company to produce and sell the entire contracted volumes.
- ✓ In 2010 Hidroelectrica sold 22,567 GWh (+23 yoy; 41% of total electricity delivered on the domestic market vs. 35% in 2009), out of which 82% (vs. 79% in 2009) was sold on the competitive segment (o/w 14,976 GWh, +28.6% yoy, were sold to eligible consumers and licensed suppliers and 989.7 GWh, -22.3% yoy, were exported) and the remainder (4,092 GWh, +5.5% yoy) on the regulated segment. In H1'11, Hidroelectrica delivered 31.6% of total electricity sold on the domestic market (or 9.2 TWh, -3.1% yoy). Also, its presence on the retail market remained marginal as its market share stood at 1% at end-H1'11 (flat ytd).
- ✓ During 2010, Hidroelectrica sold electricity to clients on the competitive market at an avg. price of 129.2 RON/MWh, +18% yoy, but lower by 16-19% compared to the avg. price reported by ANRE for negotiated contracts (158.9 RON/MWh) and day-ahead market (153.1 RON/MWh). The main clients on the competitive segment were Alro (14% of total electricity delivered), Energy Holding (12%) and Arcelor Mittal (8%). On the regulated segment, Hidroelectrica sold electricity mainly to E.ON Moldova Furnizare (6%), Enel Energie (3%) and Electrica Muntenia Nord Furnizare (2%) at an avg. price of 72 RON/MWh set by ANRE.

Key drivers

- ✓ Increasing domestic electricity consumption during 2011 (+3.9% yoy in H1'11; BRD-GSGe of electricity consumption in 2011 at 4%); Further CAPEX will extend installed capacities and modernize its existing units leading to cost benefits and higher productivity – installed capacity is expected to increase by 336.1 MW during 2010 – 2015, while refurbishment works will be performed for units summing 3,417 MW by 2016, adding an extra 333 GWh/year of electricity production; Low leverage (10.7% as of end-2010) provides the company with extended ability to finance its oncoming major investments (e.g. construction of Tarnita – Lapustesti pumping storage hydro power plant – green-field investment worth EUR 1.2bn with installed capacity of 1,000 MW - to start in 2013) and an EUR 110m loan from EBRD was already contracted for the modernization of Stejaru-Bicaz power plant; The approval by European Commission of Law 220/2008 occurred in Aug'11 will hike revenues from selling of green certificates (GC) (in 2010, revenues from GC sold piled up to RON 17.8m; in 8M'11, GC received amounted to RON 7.5m, given the maximum selling price of 55 EUR/GC); Possible listing of the company on BSE (expected in 2012).

Key risks

- ✓ Unfavourable weather conditions might lower electricity production volumes and increase the company's electricity purchases (at end-2010, energy reserves within the large water reservoirs piled up to 2,109 GWh vs. 1,455 GWh at end-2009); Permanent and/or temporary reductions in disposable installed capacity due to modernization works, repairs or technical issues; Bottom line might be hampered by large depreciation expenses (31.4% of total operating expenses at end-2010) and significant costs with water and electricity purchased (23% of total OPEX at end-Dec'10); FX risk due to outstanding LT and ST FX-denominated debt (78.4% of total loans at end-Dec'10).

Financial highlights

- ✓ Sales expanded by a hefty 35.2% yoy in 2010 up to RON 3.3bn broadly driven by favourable weather conditions and start of operations at several hydro schemes (e.g. Plopi and Lotru Ciunget power plants), whilst tariffs charged for electricity delivered on the competitive segment also increased by 7% yoy (segment contribution to total operating revenues increased to 72.4% in 2010 from 68.2% in 2009). The EBIT worth RON 502.8m (3x higher yoy) was lowered by a financial loss in amount of RON 112.5m (vs. a loss worth RON 96.4m in 2009). Bottom line reached RON 292.4m (6x higher yoy). According to local newsflow, H1'11 net profit dipped by 74% yoy to RON 12.3m (17.3% of 2011 budgeted net profit worth RON 71m) due to higher costs with water stored (water usage royalty increased in Dec'10 at 1.1 RON/cm from 0.26 RON/cm) and lower electricity production amid poor rainfall in H1'11, despite a slight advance in sales figure (+8% yoy).

Comparables' Data

MW (hydro capacity)

Installed capacity / company	2010
Rushydro	25,500
Verbund	6,294
Iberdrola Group	9,892
Hidroelectrica	6,438

Source: Hidroelectrica, BRD-GSG

GWh (hydro production)

Electricity production / company	2010
Rushydro	72,045
Verbund	23,776
Iberdrola Group	22,121
Hidroelectrica	19,852

Source: Hidroelectrica, BRD-GSG

Key Financial Data & Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	18,921.84	19,337.86	22,601.97	19,667.19
Current assets, o/w	540.23	608.32	387.30	476.48
Cash and current accounts	118.05	128.70	28.14	99.89
Total assets	19,471.97	19,946.95	22,989.89	20,144.46
Equity	13,891.10	13,951.18	16,554.59	16,822.36
Long term liabilities, o/w	4,111.91	4,026.13	4,385.01	1,280.02
Long term financial debt	556.71	453.12	804.00	1,200.34
Short term liabilities, o/w	1,210.45	1,708.11	1,795.64	1,728.95
Short term financial debt	455.67	567.82	677.01	701.07
Total Equity & Liabilities	19,213.46	19,685.42	22,735.24	19,831.33
Working capital	-670.22	-1,099.79	-1,408.34	-1,252.48
Net debt(+)/cash(-)	894.33	892.24	1,452.87	1,801.51
Income Statement (RONm)				
Sales	2,060.74	2,443.55	2,420.80	3,273.70
Operating expenses, o/w	1,943.81	2,401.62	2,304.23	2,784.28
Depreciation&amortization expenses	674.77	643.23	654.87	874.22
EBITDA	817.43	849.82	816.83	1,377.01
Operating profit/loss(EBIT)	142.66	206.59	161.96	502.79
Interest expenses	52.68	74.90	69.13	85.42
Net income	52.58	65.12	48.38	292.37
Indicator per share (RON/share)				
Sales	4.65	5.51	5.45	7.37
EPS	0.11	0.15	0.10	0.66
BV	31.35	31.48	37.30	37.88
Ratios				
Sales growth	na	18.6%	-0.9%	35.2%
Net profit growth	na	23.8%	-25.7%	504.3%
Total assets growth	na	2.4%	15.3%	-12.4%
EBITDA margin	39.7%	34.8%	33.7%	42.1%
EBIT margin	6.9%	8.5%	6.7%	15.4%
Net income margin	2.6%	2.7%	2.0%	8.9%
Interest coverage (x)	2.71	2.76	2.34	5.89
Net debt/equity (x)	0.06	0.06	0.09	0.11
ROE	0.4%	0.5%	0.3%	1.7%
ROA	0.3%	0.3%	0.2%	1.5%

Source: Hidroelectrica, BRD-GSG

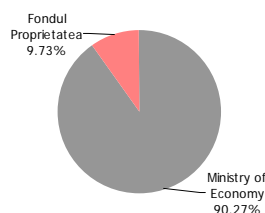
NUCLEARELECTRICA

Sector: Electricity Generation

Not Listed

Total no of shares	253.7m
Fair Value of FP's stake	RON 596.51m
% Fair NAV	5.41%
2010 DPS	-
Dividends distributed to FP	-

Shareholders (as of end-2010)



Source: Nuclearelectrica, BRD-GSG

Company Description

Nuclearelectrica is an electricity generator using nuclear technology. The company has two subsidiaries: Nuclearelectrica Power Plant Cernavoda, which operates the two units producing nuclear electricity and Nuclear Fuel Production Plant Pitesti producing CANDU 6 Nuclear Fuel for the two units.

Similar Companies

Domestic market
nav

External market
Iberdrola, CEZ, RWE

Operational Data

The company owns two nuclear units with an installed capacity of 707 MW each, representing 6.8% of total installed capacity in Romania (20.9 GW at end-2010).

In 2010, capacity utilization ratio was 91.5% for Unit 1 (vs. 100.1% in 2009) and 97.2% for Unit 2 (vs. 90.6% in 2009), respectively. According to latest data available, in 4M'11, capacity utilization ratio was higher ytd for both Units: 99.6% for Unit 1 and 100.4% for Unit 2.

Business Overview

- ✓ In 2010, Nuclearelectrica produced approx. 19.7% of total domestic electricity output of 59.1 TWh (+4.3% yoy), 11.6 TWh respectively (-1.1% yoy), out of which Unit 1 produced 5.6 TWh (-8.7% yoy) and Unit 2 produced 6 TWh (+7.3% yoy).
- ✓ Nuclearelectrica sold 10.3 TWh (-5.3% yoy) in 2010 which accounts for around 19% of total electricity delivered within the National Energy System by domestic producers (54.9 TWh, +4.9% yoy). In H1'11, electricity delivered by Nuclearelectrica (5.2 TWh, +4% yoy) covered for 17.9% (vs. 19% in H1'10) of total electricity delivered in the system. Also, the market share held by the company on the retail market was less than 1% at end-H1'11 (same as at end-Dec'10).
- ✓ According to 2010 managers' report, the largest part of electricity sold was delivered on the regulated market (63%) according to provisions of long-term contracts, while 27% was delivered on the competitive market. Only 10% of total electricity volume was sold to other producers. Also, based on the information provided, avg. prices charged by the company for electricity sold on the market (on both segments) increased by 4% yoy to 139.6 RON/MWh in 2010 vs. 134.3 RON/MWh in 2009, most probably as a consequence of the rebound in domestic electricity consumption recorded in 2010 (+4.5% yoy).
- ✓ At end-2010, 46% of total receivables were held against Hidroelectrica (RON 175.8m).

Key drivers

- ✓ Increasing domestic electricity consumption during 2011 (+3.9% yoy in H1'11, BRD-GSGe of electricity consumption in 2011 at 4%); Higher prices for electricity during 2011 amid improved demand should lift the company's business volumes; One of the main drivers for Nuclearelectrica in the oncoming period stems from the investment program aimed towards expanding its installed capacity. The most important project is related to the construction of two new unit plants in Cernavoda (namely Units 3 and 4) with an installed capacity of 720 MW each. The estimated cost of the project is aprox. EUR 4bn. In 2008, Nuclearelectrica founded EnergoNuclear, a company which is going to construct and operate the newly-built nuclear units. According to local newsflow, Nuclearelectrica currently owns 84.65% in the company vs. 51% in 2008 when the Investors' Agreement was signed, as several foreign shareholders lately decided to exit the company: CEZ, GDF Suez, RWE (each owning a stake of 9.15%) and Iberdrola (owning a stake of 6.2%). The remaining shareholders are Enel (9.15%) and Arcelor Mittal (6.2%). The construction of Units 3 and 4 is expected to be finalized by 2019 and further efforts for attracting new investors within the project are carried by the Government; The listing of a stake owned by the state in Nuclearelectrica;

Key risks

- ✓ Significant level of investments required to meet envisaged EU quality and environmental standards might raise financial needs for the company, in spite that some of them might be financed by EU funds. Investments are expected to reach RON 1.2bn during 2010-2014, out of which RON 360m are set for environmental investments (leverage ratio as of end-2010 rose to 31% from 28% at end-2009); Low flexibility in the operating costs-management process given that nuclear fuel and heavy water are provided by sole suppliers - FCN Pitesti and ROMAG Drobeta Turnu- Severin, respectively - and an annual mandatory contribution worth 2 EUR/MWh to the Nuclear and Radioactive Waste Agency; Significant depreciation expenses (28% of total expenses in 2010) might alter the bottom line; The company is exposed to FX risk since 91.6% of total outstanding loans as of end-2010 were FX denominated (all contracted loans were used for the financing of Unit 2 construction)

Financial highlights

- ✓ In 2010, Nuclearelectrica's top line slightly decreased by 0.8% yoy down to RON 1.5bn amid lower delivered electricity volumes, and despite mildly higher avg. prices for electricity sold. On the expenses side, materials item recorded a sharp 43% yoy advance amid higher prices for nuclear fuel (+4.8% yoy) and heavy water (+4.7% yoy). Total operating expenses rose by 6.9% yoy and drove EBIT line at RON 179.3m (-45% yoy). Financial result stood at a negative RON 156.1m in 2010 vs. a negative 261.5m in 2009 as other financial revenues were 12.5x higher yoy (due to favourable FX evolution) and interest expenses decreased by nearly 49% yoy. Net result reached RON 16m, lower by 67.4% yoy, while net profit margin deteriorated down to 1.1% from 3.2% in 2009. In 2011, the company's management budgeted sales up by 8.3% yoy (RON 1.6bn) and net profit at RON 13.6m (-15.5% yoy).

Comparables' Data

MW (nuclear capacity)

Installed capacity / company	2010
Iberdrola Group	3,344
CEZ Group	3,900
Nuclearelectrica	1,414

Source: Nuclearelectrica, BRD-GSG

GWh (nuclear production)

Electricity production / company	2010
Iberdrola Group	26,111
CEZ Group	27,998
Nuclearelectrica	11,623

Source: Nuclearelectrica, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	7,761.79	8,148.96	7,953.95	7,787.78
Current assets, o/w	1,082.21	1,470.55	2,004.11	2,502.59
Cash and current accounts	180.12	394.26	494.68	121.92
Total assets	8,850.60	9,626.11	9,963.22	10,297.27
Equity	5,986.07	6,897.00	7,253.75	7,562.12
Long term liabilities, o/w	2,426.75	2,307.25	2,356.52	2,309.43
Long term financial debt	2,426.75	2,307.25	2,356.52	2,309.43
Short term liabilities, o/w	418.63	400.22	320.18	399.11
Short term financial debt	183.56	217.84	171.00	180.99
Total Equity & Liabilities	8,831.45	9,604.47	9,930.45	10,270.66
Working capital	663.58	1,070.33	1,683.93	2,103.48
Net debt(+)/cash(-)	2,430.19	2,130.83	2,032.84	2,368.49
Income Statement (RONm)				
Sales	909.60	1,451.93	1,526.66	1,514.72
Operating expenses, o/w	762.84	1,175.24	1,286.09	1,374.29
Depreciation&amortization expenses	209.20	338.74	367.27	381.06
EBITDA	503.52	680.36	649.12	560.35
Operating profit/loss(EBIT)	187.63	320.54	325.31	179.30
Interest expenses	53.77	137.63	87.33	44.84
Net income	88.67	103.04	49.36	16.09
Indicator per share (RON/share)				
Sales	3.59	5.72	6.02	5.97
EPS	0.35	0.41	0.19	0.06
BV	23.60	27.19	28.59	29.81
Ratios				
Sales growth	na	59.6%	5.1%	-0.8%
Net profit growth	na	16.2%	-52.1%	-67.4%
Total assets growth	na	8.8%	3.5%	3.4%
EBITDA margin	55.4%	46.9%	42.5%	37.0%
EBIT margin	20.6%	22.1%	21.3%	11.8%
Net income margin	9.7%	7.1%	3.2%	1.1%
Interest coverage (x)	3.49	2.33	3.73	4.00
Net debt/equity (x)	0.41	0.31	0.28	0.31
ROE	1.5%	1.5%	0.7%	0.2%
ROA	1.0%	1.1%	0.5%	0.2%

Source: Nuclearelectrica, BRD-GSG

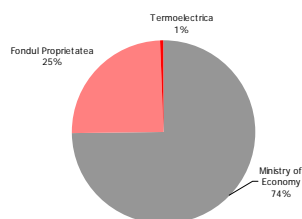
COMPLEXUL ENERGETIC TURCENI

Sector: Energy-producer

Not Listed

Total no of shares	45.8m
Fair Value of FP's stake	RON 352.48m
% Fair NAV	3.20%
2010 DPS	-
Dividends distributed to FP	-

Shareholders (as of end-2010)



Source: CEN Turceni, BRD-GSG

Company Description

- ✓ Production and sale of coal-generated energy; Production and sale of heating energy
- ✓ Coal mining

Similar Companies

Domestic market

- CEN Craiova, CEN Rovinari, Hidroelectrica, Nuclearelectrica

External market

- Drax Group, RWE, CEZ

Operational Data

CEN Turceni owns four branches: Turceni Thermal Power Plant that operates 6 power generating blocks with a total installed capacity of **1980 MW**, Tehomir Mining Division, Jilt Sud and Jilt Nord Minings and Termoserv Turceni that renders maintenance and repairs services for existing facilities.

In 2010, CEN Turceni's installed capacity accounted for 9.5% of total installed capacity in the National Energetic System (20.9 GW) vs. 9.7% in 2009.

Business Overview

- ✓ Complexul Energetic Turceni, the largest among the three major thermal power generators located in the Oltenia region, produced 6.2 TWh (-3.5% yoy) during 2010. Also, it recorded a 10.6% market share vs. 11.7% in 2009 given a delivered electricity volume of 5.8 TWh (-4.8% yoy), as the 4.9% yoy advance of total domestic electricity volumes sold was mostly supported by upbeat hydro-power production. Regarding the 2011 activity, the power generator delivered 3.5 TWh in H1'11 (+47% yoy; 12% market share vs. 9% in H1'10), according to ANRE's latest report, while data provided by the company on its official website pointed to a 3.7 TWh production for the same period (+44% yoy). The yoy improvements of the company's main business indicators during H1'11 are most likely the result of the decline in hydro-power production volumes amid unfavourable weather conditions. Also, starting Jan'11, CEN Turceni became a licensed supplier, but its market share on the retail market was below 1% at end-Jun'11.
- ✓ In 2010, 53% of total electricity delivered (vs. 40% in 2009) was purchased by incumbent suppliers and distributors on the regulated segment, while the rest was sold on the competitive market at an avg. negotiated price of 187.7 RON/MWh (-1.1% yoy). Avg. price for electricity sold (including the regulated segment) reached 173.9 RON/MWh (-5% yoy).
- ✓ 75% of the coal used in 2010 was supplied from own sources (Jilt Sud and Nord and Tehomir mine), while the rest stemmed from National Company for Lignite Extraction Oltenia (SNLO). At end-2010, 13.2% of total payables due in one year were related to coal acquisitions from SNLO (RON 27.7m). Also, 11% of total receivables as of end-2010 were held against Hidroelectrica (RON 26.2m).

Key drivers

- ✓ CEN Turceni is the largest producer of coal-generated electricity in Romania; Romania's natural lignite reserves (3.3bn tons exploitable) can cover the demand for up to 115 years, according to the National Authority for Mineral Resources; The consistent CAPEX program for the next years is aimed towards modernisation of existing facilities and pollution reduction. The revamping works of power groups 3 and 6 (total costs estimated at EUR 453m) will bring important cuts in own consumption and production costs. In 2010, total realized investments amounted to RON 673m, while in 2011 the figure is expected to reach RON 991.3m with a debt to equity financing ratio of 2:1; Cost savings due to the usage of raw material from own sources; Restructuring process approved in Jan'11 should help offset future costs increases stemming from greenhouse gas emission certificates purchases expected to occur starting with 2013 once the Certificates Allotment Program will expire; Access to EU funds; The Government intends the setting up and listing of CEN Oltenia that will also incorporate CEN Turceni.

Key risks

- ✓ Future borrowing in order to meet the financing needs for the investment program will raise leverage ratio (25% at end-2010 vs. 4% in 2009) and related interest expenses; The company is exposed to FX risk since all outstanding loans at end-2010 (RON 586m) are JPY-denominated. Another two loans worth EUR 170m were contracted in 2009, but no payment has been made yet to the company (scheduled to be reimbursed starting 2012); Possible coal generation shortages arising from bad weather conditions and modernization works of existing units; Bottom line in the oncoming years might be impacted by additional provision expenses related to potential deficits of greenhouse gas emission certificates. Outstanding corresponding provisions at end-2010 amounted to RON 36.1m (for a 1.9m certificates deficit), but the company purchased from the free market 1.4m certificates in H1'11 for EUR 15m; Ongoing expansion of green energy to hamper demand for coal generated electricity.

Financial Highlights

- ✓ In 2010 sales contracted by 7.3% yoy on lower volumes delivered and lower prices for electricity sold, while net profit fell to a negative RON 69.3m vs. a profit worth RON 21.3m in 2009. Both operational and financial results negatively weighed on company's net result during 2010. EBIT dropped by 84% yoy to RON 4.8m, while financial result exhibited a significant loss of RON 68.4m given the unfavourable FX evolution. In H1'11, sales expanded by 50% yoy to RON 670m (43% of total sales budgeted for 2011 worth RON 1.5bn), while EBIT for the same period reached approx. RON 80m. Net profit for 2011 was budgeted by the management at RON 6m.

Comparables' Data

	EURm	MW	GWh	EURm/MWh	EURm/GWh
Listed	Mcap	Installed capacity	Electricity production	Mcap/Capacity	Mcap/Production
CEZ	15,456	11,559	62,728	1.34	0.25
RWE	16,504	52,214	225,300	0.32	0.07
Drax Group	2,032	3,960	26,400	0.51	0.08
Unlisted	Mcap	Installed capacity	Electricity production	Mcap/Capacity	Mcap/Production
CE Craiova	na	930	4,076	na	na
CE Turceni	na	1,980	6,167	na	na
CE Rovinari	na	1,320	5,125	na	na

Source: Companies' official websites, FactSet, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	1,480.31	2,293.38	2,326.85	2,769.32
Current assets, o/w	386.41	418.84	463.06	420.04
Cash and current accounts	39.78	54.55	65.11	63.98
Total assets	1,867.51	2,712.99	2,790.74	3,206.91
Equity	1,387.40	2,114.52	2,138.59	2,108.24
Long term liabilities, o/w	61.24	151.30	195.88	612.63
Long term financial debt	2.78	95.35	154.06	584.82
Short term liabilities, o/w	223.56	170.85	236.08	286.13
Short term financial debt	0.01	0.20	0.31	1.17
Total Equity & Liabilities	1,672.20	2,436.67	2,570.55	3,006.99
Working capital	162.85	247.99	226.98	133.91
Net debt(+)/cash(-)	-37.00	41.00	89.26	522.01
Income Statement (RONm)				
Sales	1,029.37	1,281.38	1,125.50	1,043.71
Operating expenses, o/w	1,387.11	1,734.72	1,595.11	1,472.66
Depreciation&amortization expenses	114.64	122.13	208.20	193.59
EBITDA	214.88	188.00	238.38	198.37
Operating profit/loss(EBIT)	100.24	65.87	30.17	4.78
Interest expenses	3.09	2.80	4.60	2.43
Net income	78.33	19.95	21.28	-69.30
Indicator per share (RON/share)				
Sales	22.60	28.14	24.57	22.79
EPS	1.72	0.44	0.46	na
BV	30.46	46.44	46.69	46.03
Ratios				
Sales growth	na	24.5%	-12.2%	-7.3%
Net profit growth	na	-74.5%	6.7%	na
Total assets growth	na	45.3%	2.9%	14.9%
EBITDA margin	20.9%	14.7%	21.2%	19.0%
EBIT margin	9.7%	5.1%	2.7%	0.5%
Net income margin	7.6%	1.6%	1.9%	-6.6%
Interest coverage (x)	32.42	23.52	6.56	1.97
Net debt/equity (x)	-0.03	0.02	0.04	0.25
ROE	5.6%	0.9%	1.0%	-3.3%
ROA	4.2%	0.7%	0.8%	-2.2%

Source: CEN Turceni, BRD-GSG

COMPLEXUL ENERGETIC CRAIOVA

Sector: Energy-producer

Not Listed

Total no of shares 25.9m

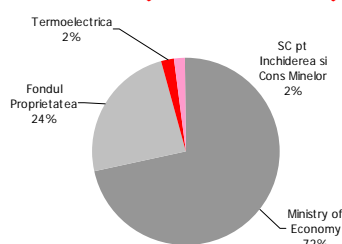
Fair Value of FP's stake RON 200.36m

% Fair NAV 1.82%

2010 DPS -

Dividends distributed to FP -

Shareholders (as of end-2010)



Source: CEN Craiova, BRD-GSG

Company Description

- ✓ Production and sale of coal-generated energy; production of heating energy
- ✓ Coal mining

Similar Companies

Domestic market

- CEN Turceni, CEN Rovinari, Hidroelectrica, Nuclearelectrica

External market

- Drax Group, RWE, CEZ

Operational Data

CEN Craiova owns three branches: Isalnita Power Plant with installed capacity of 630 MW (two groups x 315 MW), Craiova II Power Plant with installed capacity of 300 MW (two groups x 150 MW), Prigoria Mining Division Ruget perimeter) and Termoserv Craiova that renders maintenance and repairs services for existing equipments.

In 2010, CEN Craiova's installed capacity accounted for 4.5% of total installed capacity (930 MW) within the National Energy System (20.9 GW) vs. 4.6% in 2009.

Business Overview

- ✓ CEN Craiova produced 6.9% of total electricity generated during 2010 and held a 7.4% market share (vs. 8.5% in 2009) corresponding to 4.1 TWh (-8.3% yoy) of electricity delivered within the National Energy System. The company's market share and delivered volumes decreased compared to 2009 as the 4.9% yoy advance of total domestic electricity volumes sold (54.9 MWh) was mostly supported by upbeat hydro-power production. In H1'11, CEN Craiova sold 2.5 TWh (+18.7% yoy) and improved its market share at 8.6% (vs. 8% in H1'10) amid lower hydro-power production volumes.
- ✓ CEN Craiova is actively present on the retail market where it sold 1.7 TWh (-19% yoy; 43% of total volumes sold) to eligible consumers during 2010 (market share of 4% vs. 5% in 2009), while the rest of electricity was purchased by suppliers (both incumbent and competitive) on the wholesale market. In H1'11, the market share on the retail market declined to 2% from 5% in H1'10 (0.5 TWh or -57% yoy; 20% of total volumes sold).
- ✓ The most significant part of annual sales figure is usually generated by the electricity segment (92% in 2010), while the remainder is secured by the production and selling of heating energy. In 2010, revenues from electricity delivered advanced by a mild 1.4% yoy amid higher avg. prices for electricity sold (247.1 RON/MWh, +10.5% yoy) and despite lower electricity volumes delivered by the company. Heating energy price also rose by an avg. of 7.4% yoy.
- ✓ At end-2010, 38% of total accounts payable item (RON 105.2m) stemmed from the National Company for Lignite Extraction Oltenia that secures 80% of CEN Craiova's demand for lignite used in the burning process. On the other hand, 56% of total accounts receivables (RON 144.9m) was held against the Heating Agency in Craiova that resells the heating energy produced by CEN Craiova to the population living in Craiova town.

Key drivers

- ✓ Romania's natural lignite reserves (3.3bn tons exploitable) can cover the demand for up to 115 years, according to the National Authority for Mineral Resources; The company should benefit from increased efficiency and higher environmental standards of its old-aged power units given the ongoing investment plans. CAPEX for 2009-2012 are expected to reach a total of EUR 396.7m oriented towards the revamping of some groups and aligning to current EU environment requirements (related to ash and slag storage and desulphurisation process). The company also intends to build a new power group at Isalnita location, with an installed capacity of 500 MW with a cost estimated at minimum EUR 650m. 2010 investments piled up to RON 115.9m; The company is immune to FX risk since all outstanding loans (RON 182.2m) are RON-denominated; Access to EU funds; The Government intends the setting up and listing of CEN Oltenia that will also incorporate CEN Craiova.

Key risks

- ✓ The company exhibits a deficit of greenhouse gas emission certificates (for 2008-2010) estimated at RON 173.6m, o/w only RON 3.7m were provisioned, while further similar deficits might occur in the following years if the allotted certificates will prove insufficient; Low cash level position (RON 7.5m or 0.5% of total assets); Future borrowing from banks for the financing of its investment plans might lift the level of interest expenses; Ongoing expansion of green energy to hamper demand for coal generated electricity; Rising need of the company for green certificates given the active presence on the retail market; High temperatures during winter season might limit revenues from heating energy selling; Slow cashing process of current claims against the Heating Agency in Craiova.

Financial Highlights

- ✓ 2010 operating revenues slightly rose by 0.8% yoy, despite turnover lower by 3.1% yoy, while total expenses were almost flat (-0.2% yoy), driving EBIT line into positive territory (RON 11.2m) vs. a negative RON 0.7m in 2009. The improved operational result was lowered by a financial loss worth RON 7m (vs. a positive RON 2.9m in 2009). Bottom line deteriorated by 28% yoy down to RON 0.2m. In H1'11, total revenues lifted by 15% yoy to RON 728m. For 2011, the management budgeted sales up by 16% yoy (RON 1.3bn) and net profit at RON 2.4m (10x higher yoy).

Comparables' Data

	EURm	MW	GWh	EURm/MWh	EURm/GWh
Listed	Mcap	Installed capacity	Electricity production	Mcap/Capacity	Mcap/Production
CEZ	15,456	11,559	62,728	1.34	0.25
RWE	16,504	52,214	225,300	0.32	0.07
Drax Group	2,032	3,960	26,400	0.51	0.08
Unlisted	Mcap	Installed capacity	Electricity production	Mcap/Capacity	Mcap/Production
CE Craiova	na	930	4,076	na	na
CE Turceni	na	1,980	6,167	na	na
CE Rovinari	na	1,320	5,125	na	na

Source: Companies' official websites, FactSet, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	942.50	999.48	1,134.83	1,139.45
Current assets, o/w	300.85	393.55	446.26	462.67
Cash and current accounts	14.86	33.62	5.74	7.52
Total assets	1,243.49	1,393.16	1,581.24	1,602.25
Equity	1,082.96	1,080.57	1,097.46	1,095.35
Long term liabilities, o/w	0.77	37.31	88.72	92.84
Long term financial debt	0.00	36.28	86.68	91.94
Short term liabilities, o/w	156.07	256.20	384.14	396.92
Short term financial debt	0.00	0.00	50.60	90.26
Total Equity & Liabilities	1,239.81	1,374.08	1,570.32	1,585.12
Working capital	144.78	137.35	62.12	65.75
Net debt(+)/cash(-)	-14.86	2.66	131.54	174.67
Income Statement (RONm)				
Sales	861.76	1,068.63	1,132.42	1,097.81
Operating expenses, o/w	914.49	1,083.94	1,163.97	1,161.62
Depreciation&amortization expenses	67.67	69.24	76.21	75.08
EBITDA	78.39	73.63	75.53	86.23
Operating profit/loss(EBIT)	10.72	4.39	-0.68	11.15
Interest expenses	1.00	0.20	2.80	6.19
Net income	8.33	3.62	0.34	0.24
Indicator per share (RON/share)				
Sales	33.31	41.31	43.77	42.44
EPS	0.32	0.14	0.01	0.01
BV	41.86	41.77	42.42	42.34
Ratios				
Sales growth	na	24.0%	6.0%	-3.1%
Net profit growth	na	-56.5%	-90.7%	-27.9%
Total assets growth	na	12.0%	13.5%	1.3%
EBITDA margin	9.1%	6.9%	6.7%	7.9%
EBIT margin	1.2%	0.4%	-0.1%	1.0%
Net income margin	1.0%	0.3%	0.0%	0.0%
Interest coverage (x)	10.73	21.97	-0.24	1.80
Net debt/equity (x)	-0.01	0.00	0.12	0.16
ROE	0.8%	0.3%	0.0%	0.0%
ROA	0.7%	0.3%	0.0%	0.0%

Source: CEN Craiova, BRD-GSG

COMPLEXUL ENERGETIC ROVINARI

Sector: Energy-producer

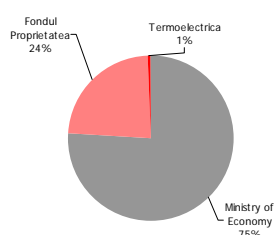
Not Listed

Total no of shares	23.4m
Fair Value of FP's stake	RON 179.29m
% Fair NAV	1.63%

2010 DPS -

Dividends distributed to FP -

Shareholders (as of end-2010)



Source: CEN Rovinari, BRD-GSG

Company Description

- ✓ Production and sale of coal-generated energy; production of heating energy
- ✓ Coal mining

Similar Companies

Domestic market

- CEN Craiova, CEN Turceni, Hidroelectrica, Nuclearelectrica

External market

- Drax Group, RWE, CEZ

Operational Data

CEN Rovinari owns three branches: Rovinari Thermal Power Plant that administrates power generating blocks 3, 4, 5 and 6 (installed capacity of 330 MW from each group totalling **1,320 MW**), Rovinari Mining Division which operates 3 coal quarries (Rovinari -perimeters Gira and Rovinari-Est-, Tismana- perimeters Tismana I and Tismana II- and Pinoasa) and Termoserv Rovinari that renders maintenance and repairs services for existing equipments.

In 2010, CEN Rovinari's installed capacity accounted for 6.3% of total installed capacity in the National Energetic System (20.9 GW) vs. 6.5% in 2009.

Business Overview

- ✓ In 2010, CEN Rovinari produced 5.1 TWh of electricity (-6.2% compared to the budgeted volume and -4.3% yoy) which accounts for 8.7% of total electricity output in Romania (59.1 TWh). Total production in H1'11 reached 2.65TWh (+15% yoy) or 8.5% of total domestic electricity output during the period (31.3TWh, +10.4% yoy).
- ✓ Also, data provided by ANRE pointed to a 9.1% market share at end-2010 (5 TWh of electricity delivered, -5.7% yoy) vs. 10.2% at end-2009. Almost 96% of electricity delivered was generated by its own power units, while the remainder was purchased from the market (BM, DAM and bilateral contracts with other producers). 35% of the electricity sold in 2010 was delivered on the regulated market (1.8 TWh). In H1'11, CEN Rovinari sold 2.5 TWh (+18.7% yoy) which corresponds to a 8.6% market share (vs. 8% in H1'10), the yoy improvement being likely determined by the decline of hydro-power production volumes during the period. Moreover, the company became a licensed supplier in 2011, but its share on the retail market as of end-June'11 was below 1%.
- ✓ On the electricity generation segment, total revenues (incl. system services) amounted to RON 749.9m, lower by 5.1% yoy amid lower demand and lower prices charged for coal-sourced electricity (given the expansion in green energy generation and upbeat hydro-power output during 2010). Avg. production cost (160.1 RON/MWh, -1.3% yoy) surpassed avg. selling price (156.6 RON/MWh, -0.7% yoy) by 2.2% and drove corresponding margin to a negative 2.2% (vs. -2.7% in 2009). 91.5% of total coal consumed (the most important raw material) was extracted from the company's own mines. On the other hand, electricity trading segment posted a margin of 54% (vs. 52% in 2009) as purchasing price of corresponding electricity reached 70.8 RON/MWh (-5.4% yoy) vs. an avg. selling price of 153.6 RON/MWh (-0.6% yoy).

Key drivers

- ✓ Romania's natural lignite reserves (3.3bn tons exploitable) can cover the demand for up to 115 years, according to the National Authority for Mineral Resources; Better efficiency for the company's power units provided by future investments scheduled for the next years. Among major projects are worth mentioning a new electricity generation group with an installed capacity of 500 MW (estimated at EUR 1bn), two desulphurisation installations at groups 3 and 6, a new slag deposit and rehabilitation of group 6. Total 2010 investments amounted to RON 398m, financed with a debt to equity ratio of 3.6:1, while in 2011, the company estimated CAPEX in amount of RON 277m; Improved ability to secure future CAPEX financing needs from own sources (cash level at end-2010 amounted to RON 68m, 1.6x higher yoy); Access to EU funds; Cost savings due to the usage of raw material from own sources; The Government intends the setting up and listing of CEN Oltenia that will also incorporate CEN Rovinari.

Key risks

- ✓ Operational performance on the electricity generation segment dragged by the regulated segment as the selling price set by ANRE is well below avg. production cost (ex. 143.1 RON/MWh vs. 160.1 RON/MWh in 2010); Possible coal generation shortages arising from bad weather conditions and modernization works of existing mines; Future borrowing from banks for the financing of its investment plans might lift the level of interest expenses; Possible future deficits of greenhouse gas emission certificates might lift provision expenses; The company is exposed to FX risk since 57% of outstanding loans at end-2010 (RON 424m) are FX denominated; Ongoing expansion of green energy to hamper demand for coal generated electricity.

Financial Highlights

- ✓ Sales declined by 6% yoy as both electricity volumes delivered and selling prices fell yoy in 2010. However, EBIT rose by 134.6% yoy amid total operating expenses lower by 7.5% yoy. Financial result recorded a loss worth RON 22.1m vs. a loss of RON 2.9m in 2009, leading to a gross profit of RON 9.9m (-7.4% yoy). However, net profit margin reached only 0.1% as bottom line was altered by income tax expenses in amount of RON 9.3m (+82% yoy). In H1'11, total revenues were up by 15% yoy to RON 650m. For 2011, the company budgeted sales at RON 1.3bn (+63.6% yoy) and net profit at RON 1.7m (2.9x higher yoy).

Comparables' Data

	EURm	MW	GWh	EURm/MWh	EURm/GWh
Listed	Mcap	Installed capacity	Electricity production	Mcap/Capacity	Mcap/Production
CEZ	15,456	11,559	62,728	1.34	0.25
RWE	16,504	52,214	225,300	0.32	0.07
Drax Group	2,032	3,960	26,400	0.51	0.08
Unlisted	Mcap	Installed capacity	Electricity production	Mcap/Capacity	Mcap/Production
CE Craiova	na	930	4,076	na	na
CE Turceni	na	1,980	6,167	na	na
CE Rovinari	na	1,320	5,125	na	na

Source: Companies' official websites, FactSet, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	739.38	1,047.03	1,426.71	1,753.94
Current assets, o/w	285.83	256.11	205.13	228.28
Cash and current accounts	138.51	44.40	26.41	68.09
Total assets	1,026.37	1,304.32	1,633.14	1,983.55
Equity	716.10	853.61	1,064.66	1,229.59
Long term liabilities, o/w	77.88	64.16	158.21	370.52
Long term financial debt	0.00	0.00	115.36	349.52
Short term liabilities, o/w	95.79	212.63	231.00	190.51
Short term financial debt	0.00	50.36	68.65	75.87
Total Equity & Liabilities	889.77	1,130.40	1,453.87	1,790.61
Working capital	190.04	43.48	-25.87	37.77
Net debt(+)/cash(-)	-138.51	5.96	157.60	357.29
Income Statement (RONm)				
Sales	811.55	957.31	845.41	794.63
Operating expenses, o/w	1,087.79	1,352.74	1,263.74	1,169.23
Depreciation&amortization expenses	49.88	59.70	62.45	87.09
EBITDA	139.19	73.71	76.11	119.13
Operating profit/loss(EBIT)	89.31	14.01	13.66	32.04
Interest expenses	0.14	1.94	3.83	20.74
Net income	79.27	1.04	5.64	0.59
Indicator per share (RON/share)				
Sales	34.67	40.89	36.11	33.94
EPS	3.39	0.04	0.24	0.03
BV	30.59	36.46	45.48	52.52
Ratios				
Sales growth	na	18.0%	-11.7%	-6.0%
Net profit growth	na	-98.7%	442.3%	-89.5%
Total assets growth	na	27.1%	25.2%	21.5%
EBITDA margin	17.2%	7.7%	9.0%	15.0%
EBIT margin	11.0%	1.5%	1.6%	4.0%
Net income margin	9.8%	0.1%	0.7%	0.1%
Interest coverage (x)	637.93	7.22	3.57	1.54
Net debt/equity (x)	-0.19	0.01	0.15	0.29
ROE	11.1%	0.1%	0.5%	0.0%
ROA	7.7%	0.1%	0.3%	0.0%

Source: CEN Rovinari, BRD-GSG

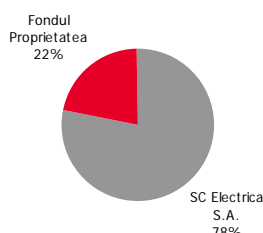
ELECTRICA DISTRIBUTIE MUNTENIA NORD

Sector: Electricity Distribution

Not Listed

Total no of shares	35.4m
Fair Value of FP's stake	RON 118.28m
% Fair NAV	1.07%
2010 DPS	-
Dividends distributed to FP	-

Shareholders (as of end-2010)



Source: Electrica Distributie Muntenia Nord, BRD-GSG

Company Description

The company's main activities are: electricity distribution services, transit of electricity through its own network, coordination by dispatcher, maintenance, modernization and development of the power equipments.

Similar Companies

Domestic market

Enel Distributie Dobrogea, Enel Distributie Muntenia, Enel Distributie Banat, CEZ Distributie, E.ON Moldova Distributie, FDEE Electrica Distributie Transilvania Nord, FDEE Electrica Distributie Transilvania Sud

External market

Praszka Energetika, ELMU, Interregional Distribution Grid of South Russia, Interregional Distribution Grid of Ural, Interregional Distribution Grid of Volga

Operational Data

Electrica Distributie Muntenia Nord operates through 6 territorial units located in Prahova, Galati, Braila, Buzau, Dambovită and Vrancea. Total distribution network comprises 40,298 km, o/w:

- 22,429 km low voltage lines;
- 15,707 km medium voltage lines;
- 2,162 km high voltage lines.

The company owns an 8,736.28 MVA power in transformer stations and posts.

Business Overview

- ✓ FDDE Electrica Distributie Muntenia Nord (EDMN), one of the three electricity distributors controlled by the state, resulted from the separation of the distribution and supply activities of FDDE Electrica Muntenia Nord in accordance with European regulation (Directive 2003/54/EC) and Romanian legislation (Government Decision no.675/2007). Its core activity, namely electricity distribution activity is regulated by the National Authority in the Energy Sector (ANRE). According to the corresponding provisions, the tariffs charged for the distribution services are set through a "tariff basket cap" method allowing for a regulated real return on the regulated assets base (RAB) above the costs recognized by ANRE. For the current regulated period (2008 – 2012), the real return on RAB for state-owned electricity distributors was set at 10% less a country risk measure (estimated at 3% for 2010), while the key indicators are annually adjusted to account for inflation, actual volumes, costs and CAPEX.
- ✓ In 2010, EDMN provided services for approx. 1.3m end-consumers and held a 15.6% market share (vs. 15.8% in 2009). The company distributed 6,278 GWh vs. 6,213 GWh in 2009 (+1.1% yoy), out of which 44% were distributed to captive end-consumers. Avg. tariff charged by the company for all voltage categories declined by 2% yoy at 84.4 RON/MWh as the recovery in industrial activity in the Muntenia region led to increasing distributed volumes on high-voltage installations (+7.6% yoy) that pose the lowest tariff among all voltage categories. For 2011, ANRE lifted specific tariffs by an avg. of 13% yoy.
- ✓ In 2010, 94% of total turnover stemmed from electricity distribution services. The most significant client of EDMN was Electrica Furnizare Muntenia Nord (EFMN), company that activates as an electricity supplier that generated around 80% of total turnover. Only 3% of 2010 sales figure stemmed from renting revenues (RON 20.1m).
- ✓ On the expenses side, acquisition costs with electricity used for own consumption were the most significant item (33.4% in 2010 vs. 28.8% in 2009), followed by third parties expenses (29.8% in 2010 vs. 28.7% in 2009, mainly in relation to Electrica Serv that provides maintenance and repairs services for the power equipments – 70% of total item) and amortization costs (13.4% in 2010 vs. 12.8% in 2009).

Key drivers

- ✓ Strategic positioning of the business; EDMN benefits from the largest electricity volumes distributed among the three state-owned electricity distributors (exceeded only by CEZ Distributie within the overall distribution market); Future investment plans should help the company meet the network performance standards as set by ANRE and increase the regulated assets base (RAB) which is a premise for higher tariffs and revenues agreed by the authority. In 2011, the company has an investment budget of RON 86m for the construction of 110kV power lines and installations, revamping and modernisation of installations; High predictability of the company's main indicators; Accessibility to loans (only 4.1% of total debt at end-2010) and EU funds to finance future investments.

Key risks

- ✓ According to ANRE methodology for setting the distribution tariffs, the return on RAB for state-owned companies is lower compared to the one allowed for private companies which might lead to lower profits on the regulated segment; Low net margin for the overall activity (4.5% in 2010 vs. 4% in 2009), probably due to poor cost management on the non-regulated activity segment; ANRE decisions of not recognizing some capital expenditures or operational costs or if the Government decides to freeze the tariffs as a measure of social assistance; A slow cashing process of its revenues given that the main client of EDMN is EFMN, incumbent supplier whose cash inflows are also hampered by overdue unpaid receivables held against other state-owned companies. At end-2010, 73% of total receivables (or RON 89.2m) was related to EFMN, while cash position stood at RON 134.4m (+29% yoy); Old-aged installations used in the electricity distribution activity might alter operational efficiency at least until new modernization investments are put into function.

Financial Highlights

- ✓ EDMN posted turnover lower by 2.5% yoy in 2010 as higher distributed volumes were offset by lower yoy avg. tariffs charged by the company. Operating result slightly edged lower by 2.5% yoy to RON 27.1m, despite the 5.1% yoy fall exhibited by total operating expenses line, while financial result also decreased by 31% yoy. However, bottom line improved by 8.2% yoy to RON 26.7m as income tax dived by 47.3% yoy probably due to a lower income tax base.

Comparables' Data

Company	Total network length (km)	Total energy transported 2010/2009 (GWh)	Total end-consumers (m)
ENEL Distributie Dobrogea	35,066	3,480 / 3,349	0.61
ENEL Distributie Muntenia	47,117	6,269 / 6,017	1.14
ENEL Distributie Banat	41,338	4,078 / 3,858	0.86
Electrica Distributie Transilvania Nord	40,753	4,391 / 4,260	1.2
Electrica Distributie Transilvania Sud	34,793	4,946 / 4,627	1.1
Electrica Distributie Muntenia Nord	40,298	6,278 / 6,213	1.3
E. ON Moldova Distributie	52,700	4,351 / 4,052	na
CEZ Distributie	na	6,994 / 7,073	1.4
Praszka Energetika	11,781	6,451 / 6,339	0.75
Interregional Distribution Grid of South	158,519	27,149 / 29,221	na
Interregional Distribution Grid of Ural	119,292	70,867 / 65,068	na
Interregional Distribution Grid of Volga	223,265	56,368 / 53,356	na

Source: Electrica Distributie Muntenia Nord, Companies' official websites, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	1,116.61	1,305.79	1,377.94	1,431.73
Current assets, o/w	151.76	270.03	299.20	267.14
Cash and current accounts	50.97	111.81	103.82	134.41
Total assets	1,268.44	1,575.88	1,677.18	1,698.94
Equity	788.69	1,030.96	1,055.61	1,082.29
Long term liabilities, o/w	50.28	60.97	59.00	46.01
Long term financial debt	0.00	0.00	8.66	2.87
Short term liabilities, o/w	161.50	164.04	183.35	165.95
Short term financial debt	0.00	0.00	6.76	5.79
Total Equity & Liabilities	1,000.47	1,255.97	1,297.96	1,294.26
Working capital	-9.74	105.99	115.85	101.19
Net debt(+)/cash(-)	-50.97	-111.81	-88.40	-125.75
Income Statement (RONm)				
Sales	972.32	614.62	611.47	596.09
Operating expenses, o/w	952.51	527.99	618.41	587.03
Depreciation&amortization expenses	76.18	67.32	78.99	78.54
EBITDA	115.54	163.53	106.72	105.59
Operating profit/loss(EBIT)	39.36	96.21	27.73	27.05
Interest expenses	3.21	2.41	2.38	1.08
Net income	28.67	76.35	24.65	26.68
Indicator per share (RON/share)				
Sales	27.44	17.34	17.26	16.82
EPS	0.81	2.15	0.70	0.75
BV	22.26	29.09	29.79	30.54
Ratios				
Sales growth	na	-36.8%	-0.5%	-2.5%
Net profit growth	na	166.3%	-67.7%	8.2%
Total assets growth	na	24.2%	6.4%	1.3%
EBITDA margin	11.9%	26.6%	17.5%	17.7%
EBIT margin	4.0%	15.7%	4.5%	4.5%
Net income margin	2.9%	12.4%	4.0%	4.5%
Interest coverage (x)	12.26	39.92	11.65	25.06
Net debt/equity (x)	-0.06	-0.11	-0.08	-0.12
ROE	3.6%	7.4%	2.3%	2.5%
ROA	2.3%	4.8%	1.5%	1.6%

Source: Electrica Distributie Muntenia Nord, BRD-GSG

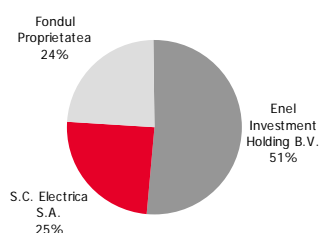
ENEL DISTRIBUTIE BANAT

Sector: Electricity Distribution

Not Listed

Total no of shares	38.2m
Fair Value of FP's stake	RON 256.35m
% Fair NAV	2.32%
2010 DPS	RON 2.2
Dividends distributed to FP	RON 20.2m

Shareholders (as of end-2010)



Source: Enel Distributie Banat, BRD-GSG

Company Description

The company's core activity is electricity distribution, but it also renders interconnection services for both producers and consumers and electricity measurement services.

Similar Companies

Domestic market

Enel Distributie Dobrogea, Enel Distributie Muntenia, CEZ Distributie, E.ON Moldova Distributie, FDFEE Electrica Distributie Transilvania Nord, FDFEE Electrica Distributie Transilvania Sud, FDFEE Electrica Distributie Muntenia Nord

External market

Praszka Energetika, ELMU, Interregional Distribution Grid of South Russia, Interregional Distribution Grid of Ural, Interregional Distribution Grid of Volga

Operational Data

Enel Distributie Banat operates through 4 territorial units located in Arad, Hunedoara, Caras-Severin and Timis counties. Total distribution network comprises 41,338 km o/w:

- 26,885 km low voltage lines;
- 12,466 km medium voltage lines;
- 1,987 km high voltage lines.

The company owns a 6,611.96 MVA power in transformer stations and posts.

EDB holds a 50% stake in Enel Servicii Comune which is also one of the main suppliers of the company.

Business Overview

- ✓ Enel Distributie Banat (EDB) resulted from the separation of the distribution and supply activities of Enel Electrica Banat in accordance with European regulation (Directive 2003/54/EC) and Romanian legislation (Electricity Law no.13/2007). Its core activity, namely electricity distribution, is regulated by the National Authority in the Energy Sector (ANRE). According to the corresponding provisions, the tariffs charged for the distribution services are set through a "tariff basket cap" method allowing for a regulated real return on the regulated assets base (RAB) above the costs agreed with the authority. For the current regulated period (2008 – 2012), the real return on RAB for private companies was set at 10%, while the key indicators are annually adjusted to account for inflation, actual volumes, costs and CAPEX.
- ✓ In 2010, EDB provided services for approx. 856 th end-consumers (vs. 848 th in 2009) and held a 10% market share (vs. 9.8% in 2009). Also, the company distributed 4,078 GWh in 2010 vs. 3,858 GWh in 2009 (+5.7% yoy), out of which 53% was distributed to captive end-consumers (vs. 59% in 2009). Nevertheless, avg. prices charged by EDB to both captive and eligible consumers increased in 2010 by 7.5% yoy (170.89 RON/MWh) and 5.4% yoy (63.53 RON/MWh), respectively, leading to an increase of 1.3% yoy of the overall weighted avg. price (120.26 RON/MWh). For 2011, ANRE kept specific tariffs for high and medium voltage lines flat yoy, but slightly increased the one related to low voltage lines by 2.7% yoy at 129.66 RON/MWh.
- ✓ In 2010, 94% of total turnover stemmed from electricity distribution services. The most significant client of EDB was Enel Energie, company that activates as an electricity supplier that generated around 79% of total turnover. Nevertheless, 4% of 2010 sales figure stemmed from renting revenues (RON 20.2m).
- ✓ On the expenses side, acquisition costs with electricity used for own consumption were the most significant item (28.4% in 2010 vs. 32.3% in 2009), followed by third parties expenses (21.2% in 2010 vs. 24.4% in 2009) and amortization costs (18.4% in 2010 vs. 19.1% in 2009).

Key drivers

- ✓ Given the strategic positioning of its business, EDB benefits from a regulatory framework that grants the company with increased efficiency for its electricity distribution infrastructure investments and overall financial equilibrium (cash as of end-Dec'10 stood at RON 462.2m, +15.5 yoy). Enel plans to invest over EUR 700m in the next five years for the modernisation of the infrastructure network operated by its three subsidiaries Enel Distributie Banat, Dobrogea and Muntenia. The investments will increase the value of the regulated assets base (RAB) which is a premise for higher tariffs and revenues agreed by the authority; High predictability of the company's main indicators; Accessibility to loans (the company recorded zero loans at end-2010) and EU funds to finance future investments.

Key risks

- ✓ ANRE decisions of not recognizing some capital expenditures or operational costs or if the Government decides to freeze the tariffs as a measure of social assistance; Old-aged installations used in the electricity distribution activity might alter operational efficiency at least until new modernization investments are put into function.

Financial Highlights

- ✓ Top line improved by 5.6% yoy supported by increases of both distributed volumes and tariffs, while energy purchases costs contracted by 6.5% yoy, leading to an operational result of RON 159.7m, up by 13.9% yoy. However, financial result diminished by 42.4% yoy to RON 23.8m, dragged by revenues from interest lower by 41.4% yoy. All in all, net profit slightly edged down by 1.5% yoy to RON 148.4m and net profit margin slid to 27% from 29% in 2009.
- ✓ For 2011, the company budgeted sales at RON 567.9m, +2.1% yoy, and bottom line at RON 140.2m, lower by 5.5% yoy.

Comparables' Data

Company	Total network length (km)	Total energy transported 2010/2009 (GWh)	Total end-consumers (m)
ENEL Distributie Dobrogea	35,066	3,480 / 3,349	0.61
ENEL Distributie Muntenia	47,117	6,269 / 6,017	1.14
ENEL Distributie Banat	41,338	4,078 / 3,858	0.86
Electrica Distributie Transilvania Nord	40,753	4,391 / 4,260	1.2
Electrica Distributie Transilvania Sud	34,793	4,946 / 4,627	1.1
Electrica Distributie Muntenia Nord	40,298	6,278 / 6,213	1.3
E. ON Moldova Distributie	52,700	4,351 / 4,052	na
CEZ Distributie	na	6,994 / 7,073	1.4
Praszka Energetika	11,781	6,451 / 6,339	0.75
Interregional Distribution Grid of South	158,519	27,149 / 29,221	na
Interregional Distribution Grid of Ural	119,292	70,867 / 65,068	na
Interregional Distribution Grid of Volga	223,265	56,368 / 53,356	na

Source: Enel Distributie Banat, Companies' official websites, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	865.67	1,015.12	1,072.28	1,288.09
Current assets, o/w	448.99	413.58	561.04	642.23
Cash and current accounts	296.57	273.14	400.22	462.19
Total assets	1,314.71	1,428.75	1,633.37	1,931.04
Equity	945.28	999.90	1,152.47	1,312.70
Long term liabilities, o/w	0.00	0.00	0.00	0.00
Long term financial debt	0.00	0.00	0.00	0.00
Short term liabilities, o/w	170.96	156.13	171.32	253.81
Short term financial debt	0.00	0.00	0.00	0.00
Total Equity & Liabilities	1,116.24	1,156.03	1,323.79	1,566.51
Working capital	278.03	257.45	389.72	388.41
Net debt(+)/cash(-)	-296.57	-273.14	-400.22	-462.19

Income Statement (RONm)				
Sales	769.85	506.78	526.41	556.04
Operating expenses, o/w	633.41	418.22	407.40	433.56
Depreciation&amortization expenses	64.17	74.02	77.61	79.77
EBITDA	240.90	180.95	217.86	239.49
Operating profit/loss(EBIT)	176.73	106.93	140.25	159.72
Interest expenses	0.00	0.00	0.00	0.00
Net income	158.09	114.88	150.65	148.43

Indicator per share (RON/share)				
Sales	20.14	13.26	13.77	14.55
EPS	4.14	3.01	3.94	3.88
BV	24.74	26.16	30.16	34.35

Ratios				
Sales growth	na	-34.2%	3.9%	5.6%
Net profit growth	na	-27.3%	31.1%	-1.5%
Total assets growth	na	8.7%	14.3%	18.2%
EBITDA margin	31.3%	35.7%	41.4%	43.1%
EBIT margin	23.0%	21.1%	26.6%	28.7%
Net income margin	20.5%	22.7%	28.6%	26.7%
Interest coverage (x)	na	na	na	na
Net debt/equity (x)	-0.31	-0.27	-0.35	-0.35
ROE	16.7%	11.5%	13.1%	11.3%
ROA	12.0%	8.0%	9.2%	7.7%

Source: Enel Distributie Banat, BRD-GSG

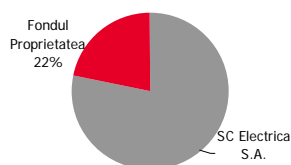
ELECTRICA DISTRIBUTIE TRANSILVANIA SUD

Sector: Electricity Distribution

Not Listed

Total no of shares	42.4m
Fair Value of FP's stake	RON 104.94m
% Fair NAV	0.95%
2010 DPS	-
Dividends distributed to FP	-

Shareholders



Source: Electrica Distributie Transilvania Sud, BRD-GSG

Company Description

The company's main activities are: electricity distribution services, transit of electricity through its own network, coordination by dispatcher, maintenance, modernization and development of the power equipment.

Similar Companies

Domestic market

Enel Distributie Dobrogea, Enel Distributie Muntenia, Enel Distributie Banat, CEZ Distributie, E.ON Moldova Distributie, FDFEE Electrica Distributie Muntenia Nord, FDFEE Electrica Distributie Transilvania Nord

External market

Praszka Energetika, ELMU, Interregional Distribution Grid of South Russia, Interregional Distribution Grid of Ural, Interregional Distribution Grid of Volga

Operational Data

Electrica Distributie Transilvania Sud operates through 6 territorial units located in Alba, Brasov, Covasna, Harghita, Mures and Sibiu counties. Total distribution network comprises 34,793 km, o/w:

- 19,474 km low voltage lines;
- 13,027 km medium voltage lines;
- 2,291 km high voltage lines.

The company owns a 6,344.8 MVA power in transformer stations and posts.

Business Overview

- ✓ FDFEE Electrica Distributie Transilvania Sud (EDTS), one of the three electricity distributors controlled by the state, resulted from the separation of the distribution and supply activities of FDFEE Electrica Transilvania Sud in accordance with European regulation (Directive 2003/54/EC) and Romanian legislation (Government Decision no.675/2007). Its core activity, namely electricity distribution activity is regulated by the National Authority in the Energy Sector (ANRE). According to the corresponding provisions, the tariffs charged for the distribution services are set through a "tariff basket cap" method allowing for a regulated real return on the regulated assets base (RAB) above the costs recognized by ANRE. For the current regulated period (2008 – 2012), the real return on RAB for state-owned electricity distributors was set at 10% less a country risk measure (estimated at 3% for 2010), while the key indicators are annually adjusted to account for inflation, actual volumes, costs and CAPEX.
- ✓ In 2010, EDTS provided services for approx. 1.1m end-consumers and held a 12.1% market share (vs. 11.7% in 2009). The company distributed 4,946 GWh in 2010 vs. 4,627 GWh in 2009 (+6.9% yoy). The company benefited from higher specific tariffs set by ANRE during 2010 as tariffs for all voltage categories increased by an avg. of 7.2% yoy. However, for 2011 ANRE lowered the specific tariff levels by an avg. of 1.8% yoy for all voltage types.
- ✓ In 2010, 96% of total turnover stemmed from electricity distribution services (incl. reactive electricity, energy sold on the balancing market and day-ahead-market). The most significant client of EDTS was Electrica Furnizare Transilvania Sud (EFTS), company that activates as an electricity supplier that generated around 84% of total turnover. Only 2% of 2010 sales figure stemmed from renting revenues (RON 14.3m).
- ✓ On the expenses side, the most significant items were acquisition costs with electricity used for own consumption (27.8% in 2010 vs. 29.5% in 2009), third parties expenses (29.9% in 2010 vs. 28% in 2009, mainly in relation to Electrica Serv that provides maintenance and repairs services for the power equipments – 70% of total item) and amortization costs (17.1% in 2010 vs. 16.6% in 2009).

Key drivers

- ✓ Strategic positioning of the business; Future investment plans should help the company meet the network performance standards as set by ANRE as well as they would increase the regulated assets base (RAB) which is a premise for higher tariffs and revenues agreed by the authority. 2011 CAPEX program points to investments worth RON 121.8m (vs. a realized amount of RON 135.7m in 2010) that will be channelled towards the construction of 110kV power lines and stations, revamping and modernisation of installations and distribution network; High predictability of the company's main indicators; Accessibility to loans (EDTS recorded zero loans at end-2010) and EU funds to finance future investments.

Key risks

- ✓ According to ANRE methodology for setting the distribution tariffs, the return on RAB for state-owned companies is lower compared to the one allowed for private companies which might lead to lower profits on the regulated segment; Low net margin for the overall activity (2% in 2010 vs. 4.3% in 2009), probably due to poor cost management on the non-regulated activity segment; ANRE decisions of not recognizing some capital expenditures or operational costs or if the Government decides to freeze the tariffs as a measure of social assistance; A slow cashing process of its revenues given that the main client of EDTS is EFTS, incumbent supplier whose cash inflows are also hampered by overdue unpaid receivables held against other state-owned companies. At end-2010, 83% of total receivables (or RON 114.8m) was related to EFTS, while cash position declined by 40% to RON 23m; Old-aged installations used in the electricity distribution activity might alter operational efficiency at least until new modernization investments are put into function.

Financial Highlights

- ✓ EDTS sales increased during 2010 by 10% yoy (RON 593m) amid higher distributed volumes and specific tariffs, but EBIT line fell by 27.7% yoy (RON 21.5m) as total OPEX rose by a faster 12% yoy. The financial loss worth RON 1.8m also weighed on the bottom line that plunged by 48.5% yoy to RON 11.9m.

Comparables' Data

Company	Total network length (km)	Total energy transported 2010/2009 (GWh)	Total end-consumers (m)
ENEL Distributie Dobrogea	35,066	3,480 / 3,349	0.61
ENEL Distributie Muntenia	47,117	6,269 / 6,017	1.14
ENEL Distributie Banat	41,338	4,078 / 3,858	0.86
Electrica Distributie Transilvania Nord	40,753	4,391 / 4,260	1.2
Electrica Distributie Transilvania Sud	34,793	4,946 / 4,627	1.1
Electrica Distributie Muntenia Nord	40,298	6,278 / 6,213	1.3
E. ON Moldova Distributie	52,700	4,351 / 4,052	na
CEZ Distributie	na	6,994 / 7,073	1.4
Praszka Energetika	11,781	6,451 / 6,339	0.75
Interregional Distribution Grid of South	158,519	27,149 / 29,221	na
Interregional Distribution Grid of Ural	119,292	70,867 / 65,068	na
Interregional Distribution Grid of Volga	223,265	56,368 / 53,356	na

Source: Electrica Distributie Transilvania Sud, Companies' official websites, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	911.37	1,157.52	1,288.07	1,371.69
Current assets, o/w	170.54	190.91	159.46	163.82
Cash and current accounts	49.33	72.43	38.09	23.03
Total assets	1,081.96	1,348.61	1,447.65	1,535.75
Equity	606.47	799.22	822.37	834.30
Long term liabilities, o/w	55.10	67.77	79.49	70.02
Long term financial debt	0.00	0.00	0.00	0.00
Short term liabilities, o/w	148.54	148.88	169.98	232.22
Short term financial debt	0.00	0.00	0.00	0.00
Total Equity & Liabilities	810.11	1,015.87	1,071.84	1,136.53
Working capital	22.00	42.03	-10.52	-68.39
Net debt(+)/cash(-)	-49.33	-72.43	-38.09	-23.03
Income Statement (RONm)				
Sales	964.36	525.44	539.19	593.00
Operating expenses, o/w	959.14	520.73	537.81	602.29
Depreciation&amortization expenses	73.48	57.13	89.31	103.22
EBITDA	109.87	91.30	119.13	124.77
Operating profit/loss(EBIT)	36.39	34.17	29.82	21.55
Interest expenses	0.37	0.13	0.81	1.23
Net income	24.48	27.04	23.18	11.93
Indicator per share (RON/share)				
Sales	22.75	12.39	12.72	13.99
EPS	0.58	0.64	0.55	0.28
BV	14.30	18.85	19.40	19.68
Ratios				
Sales growth	na	-45.5%	2.6%	10.0%
Net profit growth	na	10.5%	-14.3%	-48.6%
Total assets growth	na	24.6%	7.3%	6.1%
EBITDA margin	11.4%	17.4%	22.1%	21.0%
EBIT margin	3.8%	6.5%	5.5%	3.6%
Net income margin	2.5%	5.1%	4.3%	2.0%
Interest coverage (x)	98.35	262.85	36.81	17.52
Net debt/equity (x)	-0.08	-0.09	-0.05	-0.03
ROE	4.0%	3.4%	2.8%	1.4%
ROA	2.3%	2.0%	1.6%	0.8%

Source: Electrica Distributie Transilvania Sud, BRD-GSG

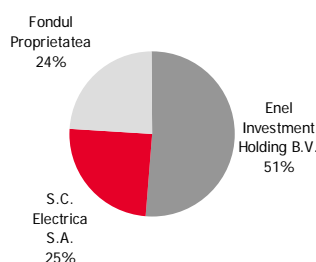
ENEL DISTRIBUTIE DOBROGEA

Sector: Electricity Distribution

Not Listed

Total no of shares	28m
Fair Value of FP's stake	RON 167.31m
% Fair NAV	1.52%
2010 DPS	RON 2
Dividends distributed to FP	RON 13.5m

Shareholders (as of end-2010)



Source: Enel Distributie Dobrogea, BRD-GSG

Company Description

The company's main activity is electricity distribution, but also interconnection services for both producers and consumers and electricity measurement services.

Similar Companies

Domestic market

Enel Distributie Muntenia, Enel Distributie Banat, CEZ Distributie, E.ON Moldova Distributie, FDFEE Electrica Distributie Transilvania Nord, FDFEE Electrica Distributie Transilvania Sud, FDFEE Electrica Distributie Muntenia Nord

External market

Praszka Energetika, ELMU, Interregional Distribution Grid of South Russia, Interregional Distribution Grid of Ural, Interregional Distribution Grid of Volga

Operational Data

Enel Distributie Dobrogea operates through 4 territorial units located in Constanta, Tulcea, Slobozia and Calarasi counties. Total distribution network comprises 35,066 km, o/w:

- 21,993 km low voltage lines;
- 10,895 km medium voltage lines;
- 2,178 km high voltage lines.

The company owns a 7,132.5 MVA power in transformer stations and posts.

EDD holds a 50% stake in Enel Servicii Comune which is also one of the main suppliers of the company.

Business Overview

- ✓ Enel Distributie Dobrogea (EDD) resulted from the separation of the distribution and supply activities of Enel Electrica Dobrogea in accordance with European regulation (Directive 2003/54/EC) and Romanian legislation (Electricity Law no.13/2007). Its core activity, namely electricity distribution, is regulated by the National Authority in the Energy Sector (ANRE). According to the corresponding provisions, the tariffs charged for the distribution services are set through a "tariff basket cap" method allowing for a regulated real return on the regulated assets base (RAB) above the costs agreed with the authority. For the current regulated period (2008 – 2012), the real return on RAB for private companies was set at 10%, while the key indicators are annually adjusted to account for inflation, actual volumes, costs and CAPEX.
- ✓ In 2010, EDD provided services for approx. 0.612m end-consumers (vs. 0.608m in 2009) and held a 8.5% market share (unchanged vs. 2009). The company distributed 3,480 GWh in 2010 vs. 3,349 GWh in 2009 (+3.9% yoy), out of which 50% was distributed to captive end-consumers (vs. 55% in 2009). Nevertheless, avg. prices charged by EDD to both captive and eligible consumers lifted in 2010 by 6.2% yoy (160.01 RON/MWh) and 11.8% yoy (49.55 RON/MWh), respectively, leading to an increase of 1.1% yoy of the overall weighted avg. price (104.34 RON/MWh). For 2011, ANRE kept specific tariffs for high and medium voltage lines flat yoy, but increased the one related to low voltage lines by 9.8% yoy at 123.72 RON/MWh.
- ✓ In 2010, 94% of total turnover stemmed from electricity distribution services. The most significant client of EDD was Enel Energie, company that activates as an electricity supplier that generated around 79.7% of total turnover. Nevertheless, 3.2% of 2010 sales figure stemmed from renting revenues (RON 12.9m).
- ✓ On the expenses side, acquisition costs with electricity used for own consumption were the most significant item (31.8% in 2010 vs. 33.6% in 2009), followed by third parties expenses (22% in 2010 vs. 24.5% in 2009) and amortization costs (15.6% in 2010 vs. 17.5% in 2009).

Key drivers

- ✓ Given the strategic positioning of its business, EDD benefits from a regulatory framework that grants the company with increased efficiency for its electricity distribution infrastructure investments and overall financial equilibrium (cash as of end-Dec'10 stood at RON 265.8m, +16.4 yoy). Enel plans to invest over EUR 700m in the next five years for the modernisation of the infrastructure network operated by its three subsidiaries Enel Distributie Banat, Dobrogea and Muntenia. The investments will increase the value of the regulated assets base (RAB) which is a premise for higher tariffs and revenues agreed by the authority; High predictability of the company's main indicators; Accessibility to loans (the company recorded zero loans at end-2010) and EU funds to finance future investments.

Key risks

- ✓ ANRE decisions of not recognizing some capital expenditures or operational costs or if the Government decides to freeze the tariffs as a measure of social assistance; Old-aged installations used in the electricity distribution activity might alter operational efficiency at least until new modernization investments are put into function.

Financial Highlights

- ✓ EDD posted higher sales in 2010 (+4.2% yoy to RON 408m) as revenues from electricity distribution services benefited from rising distributed volumes and higher avg. tariff charged to their clients. Operating result rose by 26.1% yoy (RON 107.2m) favoured by a good costs control, given that the mild 4.9% yoy advance of total OPEX was surpassed by total operating revenues item evolution (+9.3% yoy). Net profit improved by 8.2% yoy to RON 99.6m, despite the 45.5% yoy plunge of financial result.
- ✓ For 2011, the company budgeted sales worth RON 436.5m, +7% yoy, and net profit lower by 11.9% yoy at RON 87.8m.

Comparables' Data

Company	Total network length (km)	Total energy transported 2010/2009 (GWh)	Total end-consumers (m)
ENEL Distributie Dobrogea	35,066	3,480 / 3,349	0.61
ENEL Distributie Muntenia	47,117	6,269 / 6,017	1.14
ENEL Distributie Banat	41,338	4,078 / 3,858	0.86
Electrica Distributie Transilvania Nord	40,753	4,391 / 4,260	1.2
Electrica Distributie Transilvania Sud	34,793	4,946 / 4,627	1.1
Electrica Distributie Muntenia Nord	40,298	6,278 / 6,213	1.3
E. ON Moldova Distributie	52,700	4,351 / 4,052	na
CEZ Distributie	na	6,994 / 7,073	1.4
Praszka Energetika	11,781	6,451 / 6,339	0.75
Interregional Distribution Grid of South	158,519	27,149 / 29,221	na
Interregional Distribution Grid of Ural	119,292	70,867 / 65,068	na
Interregional Distribution Grid of Volga	223,265	56,368 / 53,356	na

Source: Enel Distributie Dobrogea, Companies' official websites, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	645.74	757.31	841.67	1,100.22
Current assets, o/w	304.69	293.40	356.47	400.22
Cash and current accounts	168.74	186.44	228.35	265.75
Total assets	950.47	1,051.35	1,198.76	1,501.06
Equity	668.77	704.61	806.62	907.59
Long term liabilities, o/w	0.00	0.00	0.00	0.00
Long term financial debt	0.00	0.00	0.00	0.00
Short term liabilities, o/w	117.81	134.82	158.31	309.26
Short term financial debt	0.00	0.00	0.00	0.00
Total Equity & Liabilities	786.58	839.43	964.93	1,216.84
Working capital	186.88	158.58	198.16	90.97
Net debt(+)/cash(-)	-168.74	-186.44	-228.35	-265.75
Income Statement (RONm)				
Sales	574.69	384.63	391.46	407.97
Operating expenses, o/w	507.76	340.05	322.17	337.94
Depreciation&amortization expenses	52.80	53.40	56.44	52.55
EBITDA	148.71	111.00	141.46	159.73
Operating profit/loss(EBIT)	95.91	57.60	85.02	107.18
Interest expenses	0.00	0.00	0.00	0.00
Net income	83.05	63.65	92.08	99.65
Indicator per share (RON/share)				
Sales	20.50	13.72	13.97	14.56
EPS	2.96	2.27	3.29	3.56
BV	23.86	25.14	28.78	32.38
Ratios				
Sales growth	na	-33.1%	1.8%	4.2%
Net profit growth	na	-23.4%	44.7%	8.2%
Total assets growth	na	10.6%	14.0%	25.2%
EBITDA margin	25.9%	28.9%	36.1%	39.2%
EBIT margin	16.7%	15.0%	21.7%	26.3%
Net income margin	14.5%	16.5%	23.5%	24.4%
Interest coverage (x)	na	na	na	na
Net debt/equity (x)	-0.25	-0.26	-0.28	-0.29
ROE	12.4%	9.0%	11.4%	11.0%
ROA	8.7%	6.1%	7.7%	6.6%

Source: Enel Distributie Dobrogea, BRD-GSG

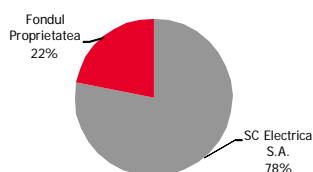
ELECTRICA DISTRIBUTIE TRANSILVANIA NORD

Sector: Electricity Distribution

Not Listed

Total no of shares	37.1m
Fair Value of FP's stake	RON 88.77m
% Fair NAV	0.80%
2010 DPS	-
Dividends distributed to FP	-

Shareholders (as of end-2010)



Source: Electrica Distributie Transilvania Nord, BRD-GSG

Company Description

The company's main activities are: electricity distribution services, transit of electricity through its own network, coordination by dispatcher, maintenance, modernization and development of the power equipment.

Similar Companies

Domestic market

Enel Distributie Dobrogea, Enel Distributie Muntenia, Enel Distributie Banat, CEZ Distributie, E.ON Moldova Distributie, FDFEE Electrica Distributie Muntenia Nord, FDFEE Electrica Distributie Transilvania Sud

External market

Praszka Energetika, ELMU, Interregional Distribution Grid of South Russia, Interregional Distribution Grid of Ural, Interregional Distribution Grid of Volga

Operational Data

Electrica Distributie Transilvania Nord operates through 6 territorial units located in Cluj, Bistrita Nasaud, Bihor, Maramures, Satu Mare and Salaj counties. Total distribution network comprises 40,753 km, o/w:

- 23,286 km low voltage lines;
- 15,223 km medium voltage lines;
- 2,244 km high voltage lines.

The company owns a 6,358.3 MVA power in transformer stations and posts.

Business Overview

- ✓ FDFEE Electrica Distributie Transilvania Nord (EDTN), one of the three electricity distributors controlled by the state, resulted from the separation of the distribution and supply activities of FDFEE Electrica Transilvania Nord in accordance with European regulation (Directive 2003/54/EC) and Romanian legislation (Government Decision no.675/2007). Its core activity, namely electricity distribution activity is regulated by the National Authority in the Energy Sector (ANRE). According to the corresponding provisions, the tariffs charged for the distribution services are set through a "tariff basket cap" method allowing for a regulated real return on the regulated assets base (RAB) above the costs recognized by ANRE. For the current regulated period (2008 – 2012), the real return on RAB for state-owned electricity distributors was set at 10% less a country risk measure (estimated at 3% for 2010), while the key indicators are annually adjusted to account for inflation, actual volumes, costs and CAPEX.
- ✓ In 2010, EDTN provided services for approx. 1.2m end-consumers and held a 10.7% market share (vs. 10.8% in 2009). The company distributed 4,391 GWh in 2010 vs. 4,260 GWh in 2009 (+3.1% yoy). For 2010, ANRE increased specific tariffs for high (+9.1% yoy) and low (+3.8% yoy) voltage installations, while avg. tariff charged by EDTN for all voltage categories rose by 2.2% yoy to 104.2 RON/MWh. As for 2011, specific tariffs for all voltage categories climbed by an avg. of 2.7% yoy, according to latest ANRE provisions.
- ✓ In 2010, 90% of total turnover stemmed from electricity distribution services. The most significant client of EDTN was Electrica Furnizare Transilvania Nord (EFTN), company that activates as an electricity supplier that generated around 82% of total turnover. Only 4% of 2010 sales figure stemmed from renting revenues (RON 18.1m).
- ✓ On the expenses side, the most significant items were acquisition costs with electricity used for own consumption (28.7% in 2010 vs. 27.1% in 2009), third parties expenses (25.3% in 2010 vs. 26% in 2009, mainly in relation to Electrica Serv that provides maintenance and repairs services for the power equipments – 50% of total item) and amortization costs (17.9% in 2010, flat yoy).

Key drivers

- ✓ Strategic positioning of the business; Future investment plans should help the company meet the network performance standards as set by ANRE as well as they would increase the regulated assets base (RAB) which is a premise for higher tariffs and revenues agreed by the authority. 2011 CAPEX program points to investments worth RON 94.3m (vs. a realized amount of RON 78.4m in 2010) that will be channelled towards the construction of 110kV power lines and stations, revamping and modernisation of installations and distribution network; High predictability of the company's main indicators; Accessibility to loans (18.3% of total debt at end-2010) and EU funds to finance future investments.

Key risks

- ✓ According to ANRE methodology for setting the distribution tariffs, the return on RAB for state-owned companies is lower compared to the one allowed for private companies which might lead to lower profits on the regulated segment; Low net margin for the overall activity (1.7% in 2010 vs. 2.8% in 2009), probably due to poor cost management on the non-regulated activity segment; ANRE decisions of not recognizing some capital expenditures or operational costs or if the Government decides to freeze the tariffs as a measure of social assistance; A slow cashing process of its revenues given that the main client of EDTN is EFTN, incumbent supplier whose cash inflows are also hampered by overdue unpaid receivables held against other state-owned companies. At end-2010, 78% of total receivables (or RON 90.1m) was related to EFTN, while cash position declined by 58% to RON 29.6m; Old-aged installations used in the electricity distribution activity might alter operational efficiency at least until new modernization investments are put into function.

Financial Highlights

- ✓ EDTN posted 2010 sales up by 2.9% yoy as both electricity volumes distributed and avg. tariff rose in yoy terms. However, operating result was lower by a hefty 34% yoy (RON 13.9m) since total OPEX grew by 3.9% yoy, boosted by higher expenses with own electricity consumption (+9.6% yoy). Financial result amounted to RON 0.3m (4x higher yoy). Bottom line declined by 39% yoy to RON 8.5m.

Comparables' Data

Company	Total network length (km)	Total energy transported 2010/2009 (GWh)	Total end-consumers (m)
ENEL Distributie Dobrogea	35,066	3,480 / 3,349	0.61
ENEL Distributie Muntenia	47,117	6,269 / 6,017	1.14
ENEL Distributie Banat	41,338	4,078 / 3,858	0.86
Electrica Distributie Transilvania Nord	40,753	4,391 / 4,260	1.2
Electrica Distributie Transilvania Sud	34,793	4,946 / 4,627	1.1
Electrica Distributie Muntenia Nord	40,298	6,278 / 6,213	1.3
E. ON Moldova Distributie	52,700	4,351 / 4,052	na
CEZ Distributie	na	6,994 / 7,073	1.4
Praszka Energetika	11,781	6,451 / 6,339	0.75
Interregional Distribution Grid of South	158,519	27,149 / 29,221	na
Interregional Distribution Grid of Ural	119,292	70,867 / 65,068	na
Interregional Distribution Grid of Volga	223,265	56,368 / 53,356	na

Source: Electrica Distributie Transilvania Nord, Companies' official websites, BRD-GSG

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	964.66	1,235.55	1,303.14	1,334.03
Current assets, o/w	135.01	171.72	168.35	151.18
Cash and current accounts	30.93	76.27	69.74	29.55
Total assets	1,099.72	1,407.40	1,471.52	1,486.36
Equity	495.08	754.12	768.08	776.60
Long term liabilities, o/w	107.20	101.10	74.48	41.29
Long term financial debt	49.58	41.29	30.38	11.40
Short term liabilities, o/w	215.89	185.96	209.86	230.57
Short term financial debt	8.60	34.74	37.93	38.37
Total Equity & Liabilities	818.17	1,041.18	1,052.42	1,048.47
Working capital	-80.88	-14.24	-41.51	-79.39
Net debt(+)/cash(-)	27.25	-0.24	-1.43	20.21
Income Statement (RONm)				
Sales	838.92	507.69	495.88	510.03
Operating expenses, o/w	835.54	480.95	506.16	523.14
Depreciation&amortization expenses	77.21	52.04	90.60	93.56
EBITDA	97.80	92.92	111.74	107.49
Operating profit/loss(EBIT)	20.59	40.88	21.14	13.93
Interest expenses	3.90	4.02	4.38	2.59
Net income	11.17	24.22	13.96	8.52
Indicator per share (RON/share)				
Sales	22.60	13.67	13.36	13.74
EPS	0.30	0.65	0.38	0.23
BV	13.33	20.31	20.69	20.92
Ratios				
Sales growth	na	-39.5%	-2.3%	2.9%
Net profit growth	na	116.8%	-42.4%	-38.9%
Total assets growth	na	28.0%	4.6%	1.0%
EBITDA margin	11.7%	18.3%	22.5%	21.1%
EBIT margin	2.5%	8.1%	4.3%	2.7%
Net income margin	1.3%	4.8%	2.8%	1.7%
Interest coverage (x)	5.28	10.17	4.83	5.38
Net debt/equity (x)	0.06	0.00	0.00	0.03
ROE	2.3%	3.2%	1.8%	1.1%
ROA	1.0%	1.7%	0.9%	0.6%

Source: Electrica Distributie Transilvania Nord, BRD-GSG

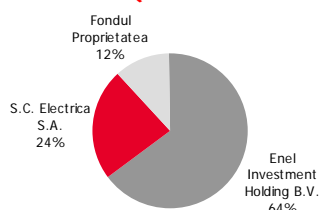
ENEL DISTRIBUTIE MUNTENIA

Sector: Electricity Distribution

Not Listed

Total no of shares	27.1m
Fair Value of FP's stake	RON 245.35m
% Fair NAV	2.21%
2010 DPS	-
Dividends distributed to FP	-

Shareholders (as of end-2010)



Source: Enel Distributie Muntenia, BRD-GSG

Company Description

The company's core activity is electricity distribution, but it also renders interconnection services for both producers and consumers and electricity measurement services.

Similar Companies

Domestic market

Enel Distributie Dobrogea, Enel Distributie Banat, CEZ Distributie, E.ON Moldova Distributie, FDFEE Electrica Distributie Transilvania Nord, FDFEE Electrica Distributie Transilvania Sud, FDFEE Electrica Distributie Muntenia Nord

External market

Praszka Energetika, ELMU, Interregional Distribution Grid of South Russia, Interregional Distribution Grid of Ural, Interregional Distribution Grid of Volga

Operational Data

Enel Distributie Muntenia operates through 3 territorial units located in Bucharest, Ilfov and Giurgiu counties. Total distribution network comprises 47,117 km, o/w:

- 31,613 km low voltage lines;
- 14,400 km medium voltage lines;
- 1,104 km high voltage lines.

The company owns a 7,192.15 MVA power in transformer stations and posts.

Business Overview

- ✓ Enel Distributie Muntenia (EDM) resulted from the separation of the distribution and supply activities of FDFEE Electrica Muntenia Sud S.A. in accordance with European regulation (Directive 2003/54/EC) and Romanian legislation (Electricity Law no.13/2007). Its core activity, namely electricity distribution, is regulated by the National Authority in the Energy Sector (ANRE). According to the corresponding provisions, the tariffs charged for the distribution services are set through a "tariff basket cap" method allowing for a regulated real return on the regulated assets base (RAB) above the costs agreed with the authority. For the current regulated period (2008 – 2012), the real return on RAB for private companies was set at 10%, while the key indicators are annually adjusted to account for inflation, actual volumes, costs and CAPEX.
- ✓ In 2010, Enel Distributie Muntenia provided services for approx. 1.14m end-consumers (vs. 1.13m in 2009) and held a 15.3% market share (vs. 15.2% in 2009). During the same period, the company distributed 6,269 GWh vs. 6,017 GWh in 2009 (+4.2% yoy), out of which 67% was distributed to captive end-consumers (vs. 74% in 2009). Nevertheless, avg. prices charged by EDM to both captive and eligible consumers were increased in 2010 by 2.6% yoy (139.61 RON/MWh) and 11% yoy (42.95 RON/MWh), respectively, but overall weighted avg. price decreased by 2.1% yoy to 108.03 RON/MWh. For 2011, ANRE lowered specific tariffs for all types of voltage categories by an avg. of 6.3% yoy.
- ✓ In 2010, 96% of total turnover stemmed from electricity distribution services. The most significant client of EDM was Enel Energie Muntenia, company that activates as an electricity supplier that generated around 86% of total turnover.
- ✓ On the expenses side, acquisition costs with electricity used for own consumption were the most significant item (39.3% in 2010 vs. 46.1% in 2009), followed by amortization costs (18.8% in 2010 vs. 15.7% in 2009) and third parties expenses (17.5% in 2010 vs. 20.7% in 2009).

Key drivers

- ✓ EDM records the largest distributed electricity volumes among the three Enel subsidiaries as it operates in the Muntenia region, also including Bucharest (exceeded only by CEZ Distributie and Electrica Distributie Muntenia Nord within the overall distribution market); Given the strategic positioning of its business, EDM benefits from a regulatory framework that grants the company with increased efficiency for its electricity distribution infrastructure investments and overall financial equilibrium (cash as of end-Dec'10 stood at RON 1.9bn, flat yoy). Enel plans to invest over EUR 700m in the next five years for the modernisation of the infrastructure network operated by its three subsidiaries Enel Distributie Banat, Dobrogea and Muntenia. The investments will increase the value of the regulated assets base (RAB) which is a premise for higher tariffs and revenues agreed by the authority; High predictability of the company's main indicators; Accessibility to loans (the company recorded zero loans at end-2010) and EU funds to finance future investments.

Key risks

- ✓ ANRE decisions of not recognizing some capital expenditures or operational costs or if the Government decides to freeze the tariffs as a measure of social assistance; Old-aged installations used in the electricity distribution activity might alter operational efficiency at least until new modernization investments are put into function.

Financial Highlights

- ✓ 2010 sales figure recorded by EDM was flat yoy at RON 733.8m (+0.2% yoy), as higher distributed volumes were offset by a lower avg. price charged to its clients. All expenses items rose in yoy terms, except costs related to purchases of electricity used for own consumption that declined by 3.6% yoy, contributing to an EBIT worth RON 76m (-38.2% yoy). Financial result also deteriorated (-66.3% yoy) on lower interest revenues (-60.6% yoy) and other financial costs that were 3.2x higher yoy. Bottom line dropped by 62.5% yoy and reached RON 105.1m, while net profit margin declined to 14% in 2010 from 38% in 2009.
- ✓ For 2011, the company budgeted sales slightly down yoy (-0.4% yoy) at RON 730.6m and a net profit at RON 84m (-20% yoy).

Comparables' Data

Company	Total network length (km)	Total energy transported 2010/2009 (GWh)	Total end-consumers (m)
ENEL Distributie Dobrogea	35,066	3,480 / 3,349	0.61
ENEL Distributie Muntenia	47,117	6,269 / 6,017	1.14
ENEL Distributie Banat	41,338	4,078 / 3,858	0.86
Electrica Distributie Transilvania Nord	40,753	4,391 / 4,260	1.2
Electrica Distributie Transilvania Sud	34,793	4,946 / 4,627	1.1
Electrica Distributie Muntenia Nord	40,298	6,278 / 6,213	1.3
E. ON Moldova Distributie	52,700	4,351 / 4,052	na
CEZ Distributie	na	6,994 / 7,073	1.4
Praszka Energetika	11,781	6,451 / 6,339	0.75
Interregional Distribution Grid of South	158,519	27,149 / 29,221	na
Interregional Distribution Grid of Ural	119,292	70,867 / 65,068	na
Interregional Distribution Grid of Volga	223,265	56,368 / 53,356	na

Source: Enel Distributie Muntenia, Companies' official websites, BRD-GSG

Key Financial Data&Ratios

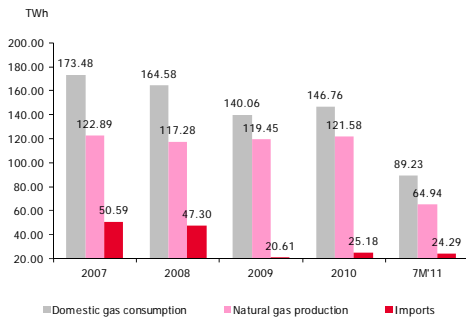
	2007*	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	1,286.47	1,397.87	1,778.51	2,343.48
Current assets, o/w	493.40	1,974.83	2,151.07	2,070.27
Cash and current accounts	148.10	1,773.35	1,854.93	1,859.00
Total assets	1,782.01	3,373.23	3,929.64	4,413.91
Equity	895.43	2,348.20	2,705.20	2,810.31
Long term liabilities, o/w	15.78	0.00	0.00	0.00
Long term financial debt	0.00	0.00	0.00	0.00
Short term liabilities, o/w	394.66	334.35	302.49	567.10
Short term financial debt	0.00	0.00	0.00	0.00
Total Equity & Liabilities	1,305.87	2,682.55	3,007.69	3,377.42
Working capital	98.74	1,640.48	1,848.58	1,503.17
Net debt(+)/cash(-)	-148.10	-1,773.35	-1,854.93	-1,859.00
Income Statement (RONm)				
Sales	1,720.12	1,440.48	732.67	733.83
Operating expenses, o/w	1,715.51	1,447.03	655.48	741.21
Depreciation&amortization expenses	81.01	100.76	102.83	139.44
EBITDA	133.43	150.25	225.75	215.44
Operating profit/loss(EBIT)	52.42	49.49	122.92	76.00
Interest expenses	0.00	0.00	0.00	0.00
Net income	43.58	220.64	280.05	105.08
Indicator per share (RON/share)				
Sales	63.39	53.08	27.00	27.04
EPS	1.61	8.13	10.32	3.87
BV	33.00	86.53	99.69	103.56
Ratios				
Sales growth	na	-16.3%	-49.1%	0.2%
Net profit growth	na	406.3%	26.9%	-62.5%
Total assets growth	na	89.3%	16.5%	12.3%
EBITDA margin	7.8%	10.4%	30.8%	29.4%
EBIT margin	3.0%	3.4%	16.8%	10.4%
Net income margin	2.5%	15.3%	38.2%	14.3%
Interest coverage (x)	na	na	na	na
Net debt/equity (x)	-0.17	-0.76	-0.69	-0.66
ROE	4.9%	9.4%	10.4%	3.7%
ROA	2.4%	6.5%	7.1%	2.4%

* Before the unbundling of distribution and supply activities finalised in mid 2008

Source: Enel Distributie Muntenia, BRD-GSG

Gas market anatomy - update

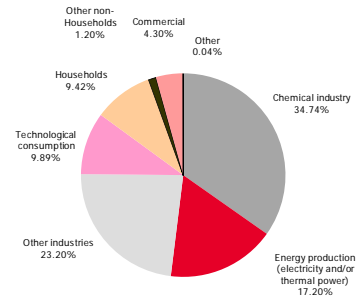
Gas consumption, production and imports (TWh)



Source: ANRE reports, BRD-GSG

Domestic gas consumption increased by 4.8% yoy in 2010 vs. the 14.9% yoy decline in 2009. Natural gas production covered more than 70% of the domestic gas consumption for 2007-2010.

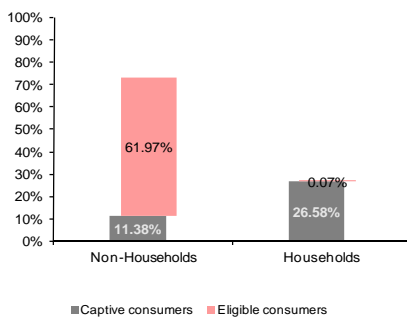
Final gas consumers (Jul'11)



Source: ANRE reports, BRD-GSG

Companies from chemical industry and energy production sectors are the largest gas consumers, 51.94% of total in Jul'11.

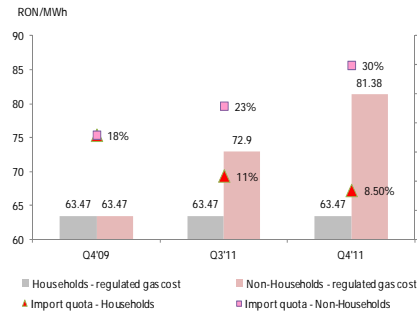
Consumers' breakdown (as of end-2010)



Source: ANRE reports, BRD-GSG

The largest gas volumes are consumed by non-households that are mostly eligible consumers. Only 0.07% of volumes were consumed by eligible households in 2010.

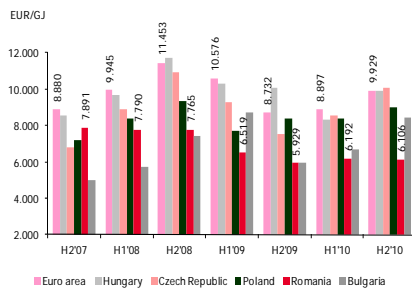
Evolution of regulated gas cost set by ANRE (RON/MWh)



Source: ANRE reports, BRD-GSG

Starting Q3'11, ANRE considered a different gas price basket for household and industrial consumers and pledged to hold gas prices for households at the same level until end-Mar'12.

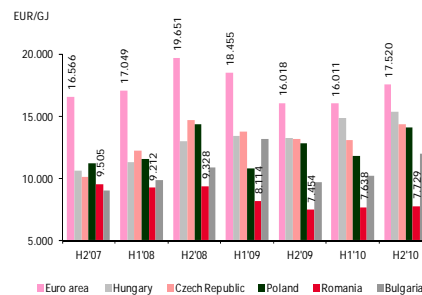
Prices for industrial consumers (EUR/GJ)*



*Prices considered excluding VAT;
Source: Eurostat, BRD-GSG

Romania has the lowest gas price for industrial consumers among neighbouring countries, according to Eurostat data.

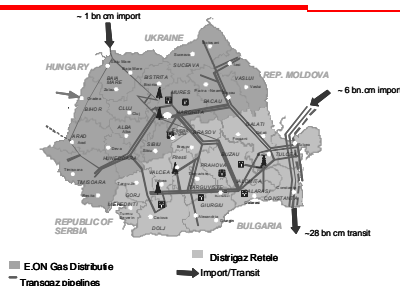
Prices for household consumers (EUR/GJ)**



**Prices considered with all taxes included;
Source: Eurostat, BRD-GSG

Romania has the lowest gas price for household consumers among neighbouring countries according to Eurostat data.

Gas transmission and distribution pipes



Interconnection plans: with Hungary (Szeged – Arad – for gas export); with Bulgaria – (Russe – Giurgiu); with Serbia – (Isaccea and Mediesu Aurit). Negru Voda pipe is used for gas transit from Russia to SE Europe.

Source: Transgaz, FP Listing Prospectus

Pipeline projects



One of the largest interconnection gas pipeline is Nabucco (Transgaz owns 16.67% of the project) with a max. capacity of 31 bn cbm/year. It will transport gas from Turkey to Austria.

Source: BBC, FP Listing Prospectus

ROMGAZ

Sector: Gas Production

Not Listed

Total no of shares **38.3m**

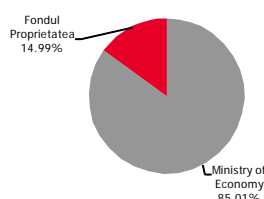
Fair Value of FP's stake **RON 1,141.51m**

% Fair NAV **10.35%**

2010 DPS **RON 18.4**

Dividends distributed to FP **RON 106m**

Shareholders (as of end-2010)



Source: Romgaz, BRD-GSG

Company Description

Romgaz exploits and produces natural gas, owning the largest domestic storage capacities. The company performs exploration/development/production activities in 8 concession blocks in Romania. Also, currently Romgaz runs its activity together with Wintershall AG, Amromco Energy (subsidiary of Amromco Energy Houston), Aureliand Oil&Gas and Europa Oil&Gas and Schlumberger Logelco in 15 blocks located in Romania. In 2008 Romgaz became co-owner of 25% petroleum rights and obligations in 3 blocks from Slovakia and of 30% of petroleum rights and obligations in 2 blocks from Poland.

Similar Companies

Domestic market

Gas production: OMV Petrom (47.3%), Wintershall Medias, Amromco, Toreador, Aurelian Oil&Gas

Storage facilities: Amgaz (35% owned by Romgaz), Depomures (35% owned by Romgaz)

External market

Novatek, BG Group, PGNIG

Operational Data

Romgaz owns 6 branches, o/w two of them (located in Medias and Tg. Mures) executing gas production activities. The company owns 153 production fields, most of them being exploited for more than 25-30 years, leading to a natural decline in company's production, 3,600 wells with an annual maximum output of up to 7bcm and 6 underground storages with a total capacity of 2.8bcm out of total domestic storage capacity of 3.2bcm.

Business Overview

- ✓ Romgaz, one of the largest natural gas producers in Romania generated 51.34% of total domestic gas volumes in 2010 vs. 51.8% in 2009. Total volumes of natural gas extracted during the period reached 5.8bcm (flat yoy) or 42% of total gas consumption vs. 44% in 2009, on total domestic gas demand higher by 4.8% yoy (approx. 13.5bcm). In 2011, Romgaz budgeted lower produced gas volumes (5.65bcm, -2.6% yoy), o/w 50% were already extracted during H1'11, according to FP's management report at H1'11.
- ✓ In 2010, the company sold 6.2bcm of natural gas (+3.6% yoy) on the market, with the largest part stemming from internal sources (88% vs. 92% in 2009). 68.5% (3.78 bcm) of domestic natural gas was sold on the competitive market (to eligible consumers – market share of 22.7% - and on the wholesale market – market share of 35.19%) vs. 69.8% in 2009. On the competitive segment, main clients for methane are: Interagro, Electrocentrale Bucuresti, Transgaz, Azomures, Conef Gaz. Only 31.5% of total extracted volumes (vs. 30.2% in 2009) were delivered to GDF Suez Romania and E.ON Romania which are the largest natural gas distributors and main suppliers of natural gas on the regulated segment.
- ✓ 68% of 2010 turnover stemmed from extracted natural gas sold. Also, no change in domestic gas price has been approved in 2010, but the profit per 1,000 cm increased by 24.6% yoy to RON 99.34/1,000cm in 2010, due to lower extraction costs (-7.75% yoy) and slightly lower price by 1.67% yoy for the domestic gas sold (RON 417.1/1,000cm, considering all discounts applied to clients). In 2010, gross margin for natural gas extraction segment (excl. associations) reached approx. 33% vs. 24% in 2009, while gross margin for domestic gas extracted in cooperation with foreign partners reached 14.7% (vs. 24.6% in 2009). Also, the profit from imported gas sold declined by 48.1% yoy to RON 104.8/1,000cm. On the natural gas storage segment, the company recorded a profit worth RON 12m (gross margin of 4.1%) vs. a loss worth 34.7m in 2009, as revenues from selling of inactive gas supply positively weighed (storage tariff has not been revised since Jun'09).
- ✓ The largest outstanding receivables at end-2010 were held against two of its main clients, namely Interagro (RON 609.3m or 43% of total item) and Electrocentrale Bucuresti (RON 539.4m or 39% of total item).

Key drivers

- ✓ The liberalization process of the domestic gas market. The opening degree of the gas market should continue to increase (53.92% at end-Jul'11 vs. 53.40% at end-Jul'10), while ongoing agreements with international financial institutions providing financial aid to Romania require the liberalization of gas prices as late as 2015. According to latest ANRE provisions, gas prices charged to regulated industrial consumers increased by 10% starting with 1 Jul'11 and by another 8% starting with 1 Oct'11; Interconnection pipelines to be built will provide the company with the possibility of exporting the gas produced; Further cooperation with its partners to exploit concessions in Romania and/or abroad; Romgaz' management intends to increase company's storage capacity by 40% up to 3.9bcm by 2015; High level of liquidities (immediate liquidity ratio at 2x at end-Dec'10); Low level of outstanding loans (RON 13.2m at end-2010 or 2.7% of total debt) should assure easy access to external financing of future investments; IPO and listing of 15% of Romgaz's share capital on BSE expected in 2012.

Key risks

- ✓ The natural gas reserve decline is an ongoing process with negative effects on Romgaz' production volumes on a medium-long term. However, the trend might be countered by investments for discovering new fields (2011 CAPEX budgeted at RON 906m, -24% yoy); Delays in domestic gas price convergence to the international levels; Romanian state, as major shareholder, might adopt decisions to hamper value creation for company's shareholders (i.e.: the state decided that the company should donate RON 400m to Romanian state budget in 2010); Slow cashing process from several costumers (e.g. Interagro, Electrocentrale Bucuresti); Operational result might be limited by significant costs incurred with amortization (18.4% of total OPEX at end-Dec'10) and development quota (17.1% of total OPEX at end-Dec'10; booked as quota of cashed revenues from gas sold).

Financial highlights

- ✓ In 2010, sales went up by 11.9% yoy to RON 3.57bn, exceeding company's budget by 7.91%, supported mainly by higher imported gas sales (22% of annual sales in 2010 vs. 14% in 2009). Net profit increased by 13.7% yoy to RON 651.2m. Company's net profit margin was almost flat in 2010 at 18.2% vs. 17.9% in 2009. In H1'11, sales rose by 7% to RON 2bn (50% of 2011 budgeted figure worth RON 4bn), despite lower volumes sold, and net profit reached RON 488m, 2x higher yoy and 75% of the budgeted figure for 2011 worth RON 651.2m, according to local newsflow.

Comparables' Data

<i>mm boe</i>			
Gas production/Company	2008	2009	2010
Novatek	223.00	240.00	278.00
BG Group	160.80	168.50	172.27
PGNIG	26.1	26.4	26.70
Romgaz			

Source: Companies' official websites, BRD-GSG

<i>mm boe</i>			
Reserves	2008	2009	2010
Novatek	4,963	6,853	8,088
BG Group	13,126	14,494	16,180
PGNIG	587	616	598
Romgaz	566	566	566

Key Financial Data&Ratios

	2007	2008	2009	2010
Balance Sheet (RONm)				
Long term assets	3,195.76	5,177.98	5,515.86	5,432.05
Current assets, o/w	2,410.41	3,077.94	3,539.00	3,508.12
Cash and current accounts	1,624.14	1,044.43	773.77	63.08
Total assets	5,607.73	8,259.44	9,060.47	8,944.97
Equity	5,070.84	7,584.57	8,308.49	8,138.80
Long term liabilities, o/w	19.11	16.99	11.97	0.00
Long term financial debt	19.11	16.99	11.97	0.00
Short term liabilities, o/w	327.41	401.57	454.98	481.64
Short term financial debt	4.31	5.32	5.86	13.23
Total Equity & Liabilities	5,417.36	8,003.13	8,775.44	8,620.44
Working capital	2,083.00	2,676.37	3,084.02	3,026.48
Net debt(+)/cash(-)	-1,600.72	-1,022.12	-755.94	-49.85

Income Statement (RONm)				
Sales	3,271.66	3,280.21	3,193.50	3,574.22
Operating expenses, o/w	2,816.95	2,976.47	2,845.01	3,217.92
Depreciation&amortization expenses	301.33	342.75	575.10	592.23
EBITDA	1,061.41	1,061.94	1,291.97	1,497.81
Operating profit/loss(EBIT)	760.08	719.19	716.87	905.59
Interest expenses	3.31	2.25	1.88	1.67
Net income	509.56	537.30	572.46	651.21

Indicator per share (RON/share)				
Sales	85.45	85.64	83.37	93.31
EPS	13.31	14.03	14.95	17.00
BV	132.44	198.01	216.91	212.48

Ratios				
Sales growth	na	0.3%	-2.6%	11.9%
Net profit growth	na	5.4%	6.5%	13.8%
Total assets growth	na	47.3%	9.7%	-1.3%
EBITDA margin	32.4%	32.4%	40.5%	41.9%
EBIT margin	23.2%	21.9%	22.4%	25.3%
Net income margin	15.6%	16.4%	17.9%	18.2%
Interest coverage (x)	229.96	319.41	382.24	541.46
Net debt/equity (x)	-0.32	-0.13	-0.09	-0.01
ROE	10.0%	7.1%	6.9%	8.0%
ROA	9.1%	6.5%	6.3%	7.3%

Source: Romgaz, BRD-GSG

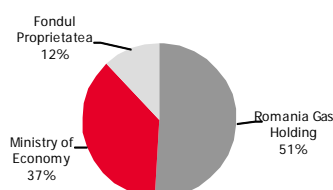
GDF SUEZ ENERGY ROMANIA GROUP

Sector: Gas Distribution & Supply

Not Listed

Total no of shares	17.7m
Fair Value of FP's stake	RON 247.98m
% Fair NAV	2.25%
2010 DPS	-
Dividends distributed to FP	-

Shareholders (as of end-2010)



Source: GDF Suez Energy Romania, BRD-GSG

Company Description

GDF Suez Energy Romania Group comprises GDF Suez Energy Romania (parent company) and its subsidiaries **Distrigaz Sud Retele** (100%), **Distrigaz Confort** (100%) and his associates **Congaz** (28.59%), **Wirom Gas** (48.83%) and **Tulcea Gaz** (30%).

The main activities of **GDF Suez Energy Romania** (former **Distrigaz Sud**) are natural gas supply to end-consumers, gas trade and support activities for supply and distribution of natural gas.

Distrigaz Sud Retele renders distribution services of natural gas, while **Distrigaz Confort** provides verification and revision services for gas installations.

Congaz, **Wirom Gas** and **Tulcea** render supply and distribution services of natural gas.

Similar Companies

Domestic market

E.ON Gas Romania

External market

Latvijas Gaze, Lietuvos Dujos

Operational Data

No of supplied clients in 2010: 1.34m (+2.4% yoy)

Total length of the distribution network in 2010: 16,605 km

Business Overview

✓ GDF Suez Energy Romania Group provides distribution and supply services for the domestic natural gas market. On the regulated segment, corresponding tariffs are set by ANRE based on a regulated return of 8.63% (for each activity) applied to the regulated assets base (RAB) above the operating costs recognized by the Authority.

✓ In 2010, GDF Suez Energy Romania supplied 34,824 GWh vs. 32,637 GWh in 2009 (+6.7% yoy; +5.5% yoy in value terms), corresponding to an overall market share of 23.7% (vs. 23.3% in 2009) amid total consumption growth of 4.8% yoy (to 146.8 TWh). A more in depth approach points to a leading position on the regulated segment (48.7% market share vs. 49.17% in 2009) where the supplier sold more than 70% of total gas it supplied during 2010. Also, during the same period, it held an 11.85% market share on the free market (vs. 10.84% in 2009) where it delivered the remainder of the gas sold. In 7M'11, the company recorded a monthly avg. market share of 55.5% on the regulated segment and 10.7% on the free market (gas sold to eligible consumers), respectively.

✓ **Distrigaz Sud Retele** distributed 44.8 TWh of natural gas in 2010, out of which 65% stemmed from contracts closed with GDF Suez Energy Romania. The company is the largest natural gas distributor on the local market - 55.2% market share in 2010.

✓ At Group level, 88.2% of 2010 turnover or RON 3.1bn (vs. 88.6% in 2009) was generated by the supply segment, while distribution services accounted for 8.7% (vs. 8.6% in 2009). Also, revenues from electricity sold were 6.73x higher yoy in 2010 at RON 24.5m, but their contribution to total annual sales remained marginal (0.7%; gross margin of 0.7% vs. 1.1% in 2009). Gross margin on the gas segment (distribution and supply) declined to 26.6% in 2010 from 32% in 2009, probably due to increasing costs with imported gas incurred (ANRE kept gas prices for end-consumers flat vs. 2009, while imported gas price rose by an avg. of 22.4% in 2010 to 355 USD/1,000cm compared to the level recognized by ANRE of 290 USD/1,000cm) and higher quota of imported gas (23.8% of total gas delivered in 2010 by the company vs. 18% recognized by ANRE).

✓ At end Dec'10, total gas volume stored owned by the supply company fell by 20.1% yoy (3.4 TWh), but in value terms the decline was softer at 1.3% yoy, probably a result of the fact that until Oct'10, interruptible consumers were supplied exclusively from internal sources (amid domestic gas consumption higher by 4.8% yoy), leaving lower domestic volumes available for the storage activity.

Key drivers

✓ The liberalization process of the domestic gas market. The opening degree of the gas market should continue to increase (53.92% at end-Jul'11 vs. 53.40% at end-Jul'10), while ongoing agreements with international financial institutions providing financial aid to Romania require the liberalization of gas prices as late as 2015. According to latest provisions, gas prices charged to regulated industrial consumers were increased by 10% starting with 1 Jul'11 and by another 8% starting with 1 Oct'11 to account for higher imported gas prices (now recognized by ANRE at 495 USD/1,000cm) and higher share of imported gas in the final gas price basket (30% vs. only 8.5% for households); Future investments will increase the value of the RAB which is a premise for tariffs and revenues growth as agreed within negotiations with ANRE. 2011 budgeted CAPEX amounts to RON 171.7m (-16.2% yoy; o/w 63% will be used for the rehabilitation of the distribution infrastructure); Low leverage ratio (14% at end-Dec'10) and access to EU funds.

Key risks

✓ The Groups' companies' estimations for future tariffs and implicitly revenues and profit could be overstated compared to the actual ones recognized by ANRE if some capital expenditures or operational costs are not recognized or if the Government decides to freeze the tariffs as a measure of social assistance; Delays in the price convergence process to international levels.

Financial Highlights

✓ In consolidated terms, 2010 sales' growth (+2.3% yoy, RON 3.5bn) was outpaced by a 4.1% increase by cost of goods sold, leading to EBIT worth RON 321.6m (-34% yoy). Financial result was positive at RON 10.6m (vs. a loss of RON 12m in 2009), but net profit declined by 34.9% yoy to RON 271m. 73.6% of total bottom line stemmed from the parent company (RON 199.4m in 2010 vs. RON 380.4m in 2009). For 2011, the management of GDF Suez Energy Romania budgeted bottom line at RON 326m (+63.5% yoy).

Comparables' Data

Company	Total gas supplied 2010/2009	Number of end consumers
E.ON Gas Romania	na / 30,623 GWh	1.5m
Latvijas Gaze	1.79bn cm / na	0.44m
Lietuvos Dujos	1.55bn cm / 1.15bn cm	0.55m
GDF Suez Energy Romania	34,824 GWh / 32,637 GWh	1.34m

Source: GDF Suez Energy Romania, BRD-GSG

Key Financial Data&Ratios (consolidated figures)

	2009	2010	yoy
Balance Sheet (RONm)			
Long term assets	2,516.76	2,619.14	4.1%
Current assets, o/w	1,216.27	1,524.52	25.3%
Cash and current accounts	147.25	23.71	-83.9%
Total assets	3,734.98	4,146.40	11.0%
Equity	2,572.05	2,822.57	9.7%
Long term liabilities, o/w	428.01	122.54	-71.4%
Long term financial debt	427.72	122.54	-71.4%
Short term liabilities, o/w	503.30	870.24	72.9%
Short term financial debt	9.59	307.43	3105.6%
Total Equity & Liabilities	3,503.36	3,815.35	8.9%
Working capital	712.97	654.28	-8.2%
Net debt(+)/cash(-)	290.06	406.26	40.1%

Income Statement (RONm)			
Sales	3,463.16	3,541.51	2.3%
Operating expenses, o/w	3,047.84	3,270.95	7.3%
Depreciation&amortization expenses	119.39	122.40	2.5%
EBITDA	605.81	444.05	-26.7%
Operating profit/loss(EBIT)	486.42	321.65	-33.9%
Interest expenses	57.79	32.40	-43.9%
Net income (consolidated), o/w	416.37	270.95	-34.9%
Net income (integrated companies)	28.73	86.73	201.9%
Net income (associated companies)	7.26	-15.21	na
Net income (parent company)	380.38	199.44	-47.6%

Indicator per share (RON/share)			
Sales	195.30	199.72	2.3%
EPS	23.48	15.28	-34.9%
BV	145.05	159.18	9.7%

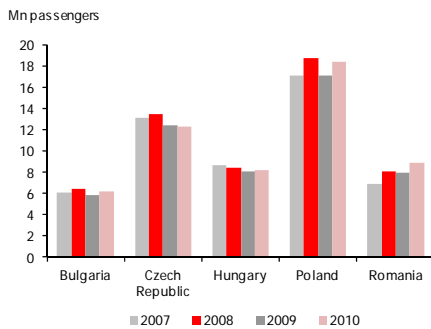
Valuation Ratios(x)			
P/E	na	na	na
P/BV	na	na	na
EV/EBITDA	na	na	na
EV/EBIT	na	na	na

Ratios			
EBITDA margin	17.5%	12.5%	na
EBIT margin	14.0%	9.1%	na
Net income margin	12.0%	7.7%	na
Interest coverage (x)	8.42	9.93	na
Net debt/equity (x)	0.11	0.14	na
ROE	16.2%	9.6%	na
ROA	11.1%	6.5%	na

Source: GDF Suez Energy Romania, BRD-GSG

Airports sector anatomy - update

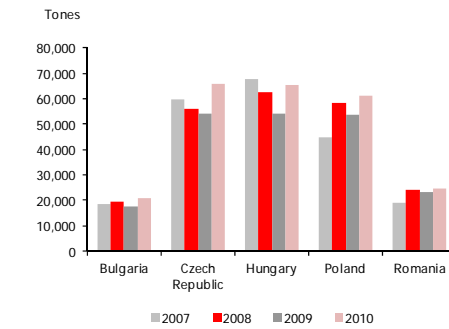
Passengers' air traffic (mn passengers)



Romania has one of the lowest number of air traffic passengers among its peers.

Source: Eurostat, BRD-GSG

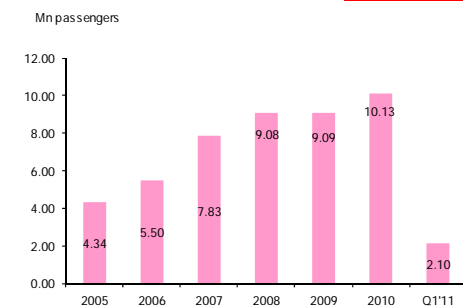
Cargo air transportation (tons)



Romania has one of the lowest cargo air transportation among its peers.

Source: Eurostat, BRD-GSG

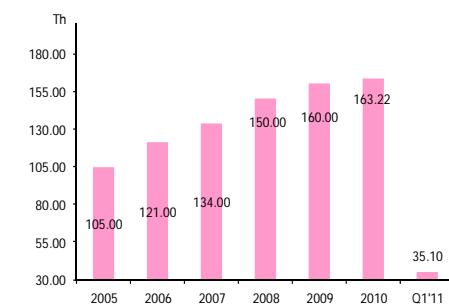
Passengers evolution (mn passengers)



In Romania, the number of air traffic passengers rose by 11.4% yoy in 2010 after the flat evolution recorded in 2009, despite the GDP contraction occurred in the last two years.

Source: FP Listing Prospectus, www.mt.ro, BRD-GSG

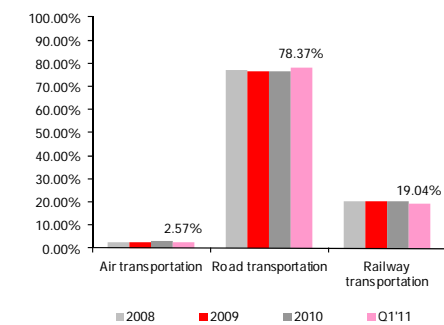
Aircraft movements evolution (thousands)



In Romania, the number of aircraft movements increased by 2% yoy in 2010 vs. +6.7% yoy in 2009, despite the GDP contraction occurred in the last two years.

Source: FP Listing Prospectus, www.mt.ro, BRD-GSG

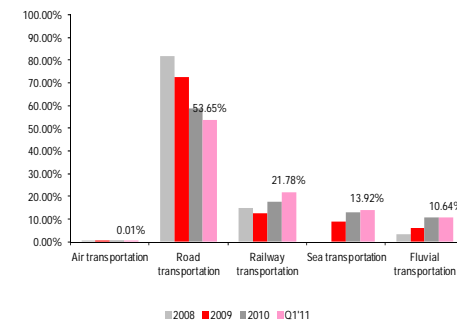
Passengers' transportation breakdown (%)



Passengers in Romania use to a very low extent air transportation. However, the weight of air passengers' traffic increased significantly in the past two years.

Source: www.mt.ro, BRD-GSG

Cargo transportation breakdown (%)



In Romania, goods are transported to a low extent by airplanes.

Source: www.mt.ro, BRD-GSG

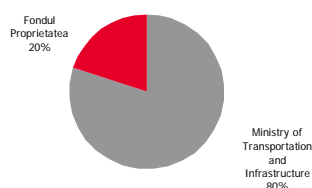
AEROPORTURI BUCURESTI

Sector: Airports services

Not Listed

Total no of shares	14.4m
Fair Value of FP's stake	RON 219.79m
% Fair NAV	1.99%
2010 DPS	RON 3.4
Dividends distributed to FP	RON 9.9m

Shareholders (as of end-2010)



Source: Aeroporturi Bucuresti, BRD-GSG

Company Description

CN Aeroporturi Bucuresti is a result of the merger between Aeroportul International Henri Coanda Bucuresti (AIHCB) and Aeroportul International Bucuresti Baneasa-Aurel Vlaicu (AIBBAV) that became effective in February 2010. The company provides airports services for passengers, cargo and mail transportation.

Similar Companies

Domestic market

Aeroportul International Traian Vuia Timisoara, Aeroportul International Mihail Kogalniceanu Constanta

External market

Flughafen Wien, Aeroporto di Firenze-A.d.F. S.p.A.; Gemina S.p.A., Zurich Airport

Operational Data

The two airports (Henri Coanda and Aurel Vlaicu) under company's management ensured approx. 70% of the passengers traffic in Romania as of 2010.

Henri Coanda has 2 runways, 3.5km long each of them and can process 1,200 pax/peak hour for international flights and 270pax/peak hour for domestic ones. Aurel Vlaicu airport has 1 runway, 3.2km long and can process 1,000 pax/hour.

Business Overview

- ✓ In 2010, total number of passengers (pax) on domestic airports increased by 11.4% yoy to 10.13m pax, despite of an economic decline of 1.3% yoy. Both Bucharest airports recorded higher number of passengers, as Aeroportul International Henri Coanda Bucuresti (AIHCB) posted 4.92m pax (+9.7% yoy) and Aeroportul International Bucuresti Baneasa-Aurel Vlaicu (AIBBAV) registered 2.12m pax (+7.3% yoy). In terms of aircraft movements, AIHCB recorded an increase of 5.9% yoy (to 76,966), whilst AIBBAV posted a decline of 4.2% yoy in 2010 (to 29,719). Cargo transportation figures show even higher decline for AIBBAV (-78.2% yoy) to 266 tones, whilst same indicator for AIHCB rose by 7.4% yoy to 23,174 tones.
- ✓ In 2010, AIBBAV managed to gain three new operators (Jet Technics, Alfa Air, C&I Corporation), whilst AIHCB concluded contracts with Farnair, Air Nostrum, Aerosvit.
- ✓ Main revenues of AIHCB stem from specific airport activities (over 82% in the past two years), whilst parking, utilities and protocol services generate around 10% of company's turnover. At Aurel Vlaicu, airport taxes accounted for 88.6% on average for 2008-2009. The significant contribution of airport specific revenues to annual sales of the two airports is probably a consequence of the fact that domestic airports don't offer many connections with other destinations, thus limiting the level of non-airport specific revenues. In 2010, revenues from core airport activities reported by Aeroporturi Bucuresti (CNAB) accounted for approx. 86% of total sales (RON 342m). As a consequence of the revenues structure above mentioned, total revenues per passengers for CNAB were by 37% lower than the average of its peers considered in 2010.
- ✓ For Aeroporturi Bucuresti, the breakdown of revenues from base activities recorded in 2010 show that 46.4% of revenues stemmed from embarking services (RON 158.71m), 27.2% arose from security services rendered (RON 93.1m), whilst revenues from landing-taking off represented 19.1% (RON 65.034m).

Key drivers

- ✓ Ongoing investment activities will extend airports' terminals (in compliance to Schengen rules) and modernize related airport infrastructure, bringing additional revenues to the company. Company's investment plan is drafted according to the national strategy of the Ministry of Transportation. Within Phase III of development (EUR 151m) expected to be completed in 2012, terminal capacity at AIHCB is planned to increase by 6m pax per year. The works for departures terminal extension have been finished in Q1'11. Another EUR 450m will be invested for the passengers' terminal modules and associated capacities as part of the Strategic Program for Airport Infrastructure Development (initiated in 2011), also expected to ensure key links to road, railway and subway transport for passengers. In 2010, investment expenditures piled up to RON 139.2m and were exclusively financed from own sources; Flexibility in contracting external financing to finance its investment needs given that by end-2010 the company managed to reimburse all loans from banks; Privatization process through SPO on the local capital market. Following the merger of the two airports, the committee delegated to perform the necessary steps for the privatization of Aeroporturi Bucuresti proposed an extension of the timeline for listing 5% of the company to Dec'14.

Key risks

- ✓ Prolonged recession that might keep people away from airplane transportation due to higher costs compared with other transportations means; Possible delays in completing the planned investment objectives; Inability of the State to respect the pledged deadlines for listing the companies in its portfolio.

Financial Highlights

- ✓ As the merger between the two airports became effective starting with 5 Feb'10, all 2010 financial data are referring for the period starting with this date until the end of the year. Aeroporturi Bucuresti posted total revenues worth RON 450.9m, by 5.3% lower than the budgeted level, 95.5% stemming from operating activities. Moreover, revenues from main activities came at RON 342m (by 3.2% lower than the budgeted level), whilst revenues from auxiliary activities amounted to RON 32m (lower by 11.7% than the budgeted level). Expenses worth RON 392.4m came by 3.6% higher than the budget, because of booking provisions expenses worth RON 55.4m, out of which litigation provisions were RON 47.3m. Thus, net profit worth RON 42.6m for the last eleven months of 2010, leading to a net margin of 10.7%.
- ✓ For 2011, the company's management budgeted sales at RON 546.6m (+38% yoy) and net profit at RON 99.2m or 2.3x higher yoy.

Comparables' Data

No of pax (mn pax)

Airport/Year	2007	2008	2009	2010
Henri Coanda	4.98	5.06	4.48	4.92
Aurel Vlaicu	0.97	1.72	1.97	2.12
Flughafen Wien	18.80	19.75	18.11	19.70
Zurich Airport	20.74	22.10	21.93	22.88
Gemina Group	38.35	40.02	38.62	40.91

Cargo (tonnes)

Airport/Year	2007	2008	2009	2010
Henri Coanda	14,440	22,464	21,585	23,174
Aurel Vlaicu	nav	1,047	1,216	265
Flughafen Wien	272,362	267,985	254,006	295,989
Zurich Airport	374,264	387,671	344,415	411,034
Gemina Group	153,618	157,062	143,966	171,680

Source: Companies' websites, BRD-GSG

No of aircraft movements

Airport/Year	2007	2008	2009	2010
Henri Coanda	70,588	71,714	72,697	76,966
Aurel Vlaicu	17,916	22,792	31,024	29,719
Flughafen Wien	243,430	266,402	243,430	246,146
Zurich Airport	268,476	274,991	262,121	268,765
Gemina Group	400,481	406,001	382,082	383,309

Revenues (EUR/pax)

Airport/Year	2007	2008	2009	2010
Henri Coanda	15.73	15.90	16.03	14.53*
Aurel Vlaicu	11.53	10.75	10.90	na
Flughafen Wien	27.73	27.76	27.70	27.10
Zurich Airport	23.57	24.38	24.77	27.32
Gemina Group	10.92	14.55	14.78	14.61

*Calculated for Aeroporturi Bucuresti

Source: Companies' websites, BRD-GSG

Key Financial Data&Ratios

	AIHCB			AIBBAV			CNAB
	2007	2008	2009	2007	2008	2009	2010*
Balance Sheet (RONm)							
Long term assets	1,457.73	1,501.74	1,575.63	1,922.02	5,919.39	5,918.06	7,536.40
Current assets, o/w	197.74	203.73	118.64	22.89	48.73	47.83	167.28
Cash and current accounts	111.52	90.38	30.29	3.07	8.94	32.87	62.11
Total assets	1,655.47	1,705.47	1,694.27	1,944.91	5,971.43	5,967.50	7,704.47
Equity	881.96	941.56	1,054.83	36.61	3,955.01	3,973.23	4,972.86
Long term liabilities, o/w	454.51	350.14	338.18	1,725.53	1,785.25	1,759.45	2,087.78
Long term financial debt	118.33	11.96	0.00	0.00	0.00	0.00	0.00
Short term liabilities, o/w	59.40	139.09	39.24	27.65	41.74	34.46	192.22
Short term financial debt	33.70	116.45	12.69	0.00	0.00	0.00	0.00
Total Equity & Liabilities	1,395.87	1,430.79	1,432.25	1,789.79	5,782.00	5,767.14	7,252.87
Working capital	138.34	64.64	79.40	-4.76	6.99	13.37	-24.94
Net debt(+)/cash(-)	40.51	38.03	-17.60	-3.07	-8.94	-32.87	-62.11
Income Statement (RONm)							
Sales	261.39	296.52	304.51	37.24	68.25	91.17	396.81
Operating expenses, o/w	177.21	239.96	270.80	23.54	54.23	79.20	376.39
Depreciation&amortization expenses	55.37	78.01	79.87	1.67	14.29	18.38	110.56
EBITDA	144.04	139.80	120.79	17.66	30.16	31.85	164.75
Operating profit/loss(EBIT)	104.91	78.94	57.80	16.09	22.82	24.69	54.19
Interest expenses	0.00	0.00	0.23	17.19	0.01	0.02	0.19
Net income	87.13	103.14	59.47	10.82	-0.07	14.60	42.55
Indicator per share (RON/share)							
Sales	18.25	20.70	21.26	665.36	1,219.40	1,628.91	27.60
EPS	6.08	7.20	4.15	193.32	na	260.85	2.96
BV	61.58	65.75	73.65	654.10	70,663.03	70,988.57	345.89
Ratios							
Sales growth	na	13.4%	2.7%	na	83.3%	33.6%	na
Net profit growth	na	18.4%	-42.3%	na	na	na	na
Total assets growth	na	3.0%	-0.7%	na	207.0%	-0.1%	0.6%
EBITDA margin	55.1%	47.1%	39.7%	47.4%	44.2%	34.9%	41.5%
EBIT margin	40.1%	26.6%	19.0%	43.2%	33.4%	27.1%	13.7%
Net income margin	33.3%	34.8%	19.5%	29.1%	-0.1%	16.0%	10.7%
Interest coverage (x)	na	na	254.89	0.94	2763.38	1564.54	281.04
Net debt/equity (x)	0.05	0.04	-0.02	-0.08	0.00	-0.01	-0.01
ROE	9.9%	11.0%	5.6%	29.6%	0.0%	0.4%	0.9%
ROA	5.3%	6.0%	3.5%	0.6%	0.0%	0.2%	0.6%

*Financial data for 2010 considered starting with the date of merger between AIHCB and AIBBAV (5 Feb'10);

Source: Aeroporturi Bucuresti, BRD-GSG