

**Company Update – December holdings
/February NAV**

BUY

Previous Rating: BUY

TARGET PRICE 12M (RON)	0.9500
Previous Target price	1.0600
SHARE PRICE (RON)	0.7760

Performance	1M	3M	12M	YTD
Absolute (%)	4.6%	-3.7%	-9.8%	-13.4%
Relative - BET(%)	0.7%	-0.4%	-6.3%	-17.4%

RIC	FP.BX
Bloomberg	FP RO
Index listed	BET, BET-FI, BET-XT, BET-TR
Market Cap (RON m)	8,686.10
Market Cap (EUR m)	1,946.07
Shares Out (m)	11,193.42
52 Week Range (RON)	0.6930 / 0.9300
% from 52 Week range	11.98% / -16.56%
Avg daily volume 6M (shares)	9,201,371

Shareholders	(%)
The Bank of New York Mellon	34.45
Foreign Institutional Investors	24.50
Romanian Private Investors	20.52
Romanian Institutional Investors	13.07

(RAS)	13A	14A	15P	16E
P/E(x) adj.	13.8	27.5	-16.0	-19.7
EPS adj. ch. (%)	20%	-37%	-263%	21%
EV/EBITDA(x)	12.9	30.3	-16.9	-22.6
Net debt/EBITDA	-0.6	-1.0	0.5	-2.9
P/BV(x)	0.9	0.7	0.8	0.8
ROE(%)	6.0%	3.5%	-4.4%	-3.8%
FCF Yield (%)	7.4%	3.6%	-6.2%	-5.1%
Div. Yield (%)	0.0%	0.0%	0.0%	0.0%

RON m				
Revenues	1,311	1,373	937	1,187
EBITDA adj.	695	305	-519	-450
Net income adj.	682	427	-565	-449
EPS	0.05	0.03	-0.05	-0.04
EPS adj.	0.05	0.03	-0.05	-0.04
BVPS	0.79	1.19	1.08	1.04
DPS	0.00	0.00	0.00	0.00
FCFPS	0.05	0.03	-0.05	-0.04
NAVPS	1.24	1.21	1.16	0.95

30 March 2016

Analyst: Ana-Maria Andrus
ana.andrus@iebatrust.ro

Update in TP at RON 0.95/share – NAV story remains tilted in energy and oil&gas unlisted&listed stocks and a high cash yield seasons the picture. Hidroelectrica and Salrom IPO to unveil state's existing privatization pipeline and unlock unlisted portfolio value.

• **Valuation still on the upside.** We update our NAV valuation with a TP of RON 0.95/share (down 10%) – since our last update no major developments occurred for FP portfolio, if we are to exclude market fingerprint upon listed portfolio side and overall impact in NAV. Dec'15 NAVPS was at RON 1.1564 while Jan'16 slump was at 5.1% to RON 1.0974 and a milder 0.6% decline was felt also in Feb'16 (RON 1.0906).

• **Share price triggers.** On the medium-to-long term, share price triggers and lowering discounts, will remain determined by similar actions undertaken so far by the Fund – i.e. **selling assets, buy-backs/tender offers**, raising investors interest via **tax free cash distributions** (cumulated value of last three years cash distributions stands at RON 1.74bn, using number of shares as per February 2016 reported NAV and last market price, gives a cash yield of 23%) while as per Fund, the management retains the view that no significant investments will be made until the discount narrows significantly. FP is currently running the sixth buy-back which started on September 9, 2015 and lasts until 15 November 2016 at a price range of RON 0.2-2/share – around 32% on LSE and 68% to be run on BSE. **Cancellation of the 5th buy-back program (227.57m) shares was recorded by the Trade Registry on March, 14, which technically also meant the start of the 7th buy-back program (204.82m).**

• **Unique portfolio structure.** In our view, FP remains a **value play**, with significant potential ahead brought by its unique portfolio structure which gives exposure against most attractive sectors locally, but also carries the impact of all major legislative changes and country direct&indirect taxation.

• **FP portfolio picture remained broadly unchanged** – some assets divestitures occurred in order to support the buy-backs/tender offers run so far and repayment of the existing credit facility (Romgaz ABO stood for RON 456m), clean-up of the portfolio for some unlisted small stakes with unclear future outlook which looked better cashed in due to low IPOs outlook, while its NAV remains skewed toward energy and utility stocks.

• **Significant value to unlock arising from unlisted side.** February NAV continued going downside, albeit at a much slower pace, reaching RON 1.0906 (-0.6% MoM, 7.5% Y/Y), following the sharp dropped posted in February due to market decline. Drop in NAV is mainly attributed to four consecutive months drop in listed shares portfolio (following sale of SNG stake) -3.5% in December vs. November (RON 4.62bn), a sharp 13.4% decline in January vs. December (RON 3.99bn) and an already insignificant 1.8% value shrunk in February vs. January (RON 3.92bn). **Hidroelectrica IPO** should take place between 10-20 November, but recently Ludwik Sobolewski, CEO of the Bucharest Stock Exchange (BVB) gave a 10% low probability, for an IPO this year and sees instead **Salrom as a better IPO target** by year-end. A potential explanation, on one side, is the insolvency exit pending issue – although only from a technical point of view, and elections pending for the second part of the year, which puts Gvn't tilt rather for fiscal stimulus postponing value unlock for 2017, on the other hand. Mr Borza and FP officials did not comment against Ludwik Sobolewski remarks. Should FP contribute by at least another **5%-to-10% to the 15% stake supposed to be sold by the state, IPO value should be in a range of EUR 649-798m**. Hidroelectrica listing would also help BVB to make additional steps in achieving the **MSCI criteria** for reaching **emerging market status** vs. its current frontier condition. For the remaining unlisted stakes we see little chances for an IPO on the short term, but we remain positive on the longer term.

• **Valuation pinpoints to BUY – unlisted side puts upfront some interesting potential due to appealing financials.** Our valuation methodology remains largely unchanged, simple but straightforward: i) listed holdings – last closing price, considered in our numbers at March 29 ii) for major unlisted companies – various scenarios were used, including some official Fund valuation numbers - CE Oltenia and where the case for small unlisted holdings with less visibility upon reported numbers and irrelevant peer comparison upon their business models iii) companies in insolvency or under litigation, priced at zero. In the end, we apply a discount of 10%, hiked from previously 5%, but lower than initial 20%, provided the upcoming IPOs, increased visibility upon unlisted stakes and implementation of corporate governance principles where FP BOD seats available, equally split between the fund's holding nature and for the high weight of unlisted companies and low visibility of some holdings and their low marketability as well. All in all, disregarding the valuation scenarios exercised, we have chosen the most conservative view, and thus our **FY'16E NAV stands at some RON 10.03bn, implying RON 0.95/share (+24% against last closing). Upside remains challenging against last close given YTD price development, albeit dividend announcements revived in part the market price, but Electrica transaction disappointed further.**

Financials & Valuation (Summary)

Financial Statements (RAS)							Key Items						
Profit & Loss (RON 000)							Ratios and multiples						
	2011A	2012A	2013A	2014A	2015P	2016E		2011A	2012A	2013A	2014A	2015P	2016E
Revenues	605,702	871,748	1,311,202	1,373,436	937,364	1,187,080	P/E(x)	13.2	12.7	13.8	27.5	-16.0	-19.3
EBITDA	545,096	616,713	695,200	304,591	-519,010	-450,402	P/E(x) IEBA	13.2	12.7	13.8	27.5	-16.0	-19.3
EBIT	533,391	566,965	682,154	304,591	-519,010	-450,402	P/E(x) IEBA at 52wks High	16.6	14.7	17.4	30.8	-18.4	0.0
Net financials	0	0	0	0	-2,465	0	P/BV(x)	0.6	0.6	0.9	0.7	0.8	0.8
EBT	533,391	566,965	682,154	304,591	-521,475	-450,402	ROE	4.6%	4.9%	6.0%	3.5%	-4.4%	-3.8%
Net income	531,677	566,965	682,154	427,186	-565,116	-449,050	IEBA ROE	4.6%	4.9%	6.0%	3.5%	-4.4%	-3.8%
IEBA net income	531,677	566,965	682,154	427,186	-565,116	-449,050	ROCE	4.6%	4.9%	6.0%	3.5%	-4.4%	-3.6%
Dividend	530,468	563,398	0	0	0	0	IEBA ROCE	4.6%	4.9%	6.0%	3.5%	-4.4%	-3.6%
Cash flow IEBA TRUST (RON 000)							EV/EBITDA (x)	12.0	10.4	12.9	30.3	-16.9	-22.2
Net Cash flow from operations	543,383	616,713	695,200	427,186	-562,651	-449,050	EV/EBITDA (x) at 52wks High	9.7	7.8	14.4	37.5	-20.4	-26.0
(-) Capex	0	323	572	-907	0	907	Net debt/EBITDA (x)	-0.9	-1.3	-0.6	-1.0	0.5	-2.9
FCFF	543,383	616,390	694,628	428,093	-562,651	-449,957	EBITDA/Net inter. Exp. (x)	-13.3	-17.7	-19.3	-14.6	35.5	32.7
							EV/CE (x)	0.6	0.5	0.8	0.7	0.7	0.8
Other cash flows & dividends	-432,642	-530,468	-563,398	0	0	0	P/S (x)	11.6	8.2	7.2	7.0	9.7	7.3
Cash flow used in investments	-937,423	193,384	-452,639	-568,409	529,194	727,394	P/FCFPS (x)	13.0	11.6	13.6	27.5	-16.1	-19.3
Change in debt	0	0	0	0	0	0	FCF Yield	7.7%	8.8%	7.4%	3.6%	-6.2%	-5.2%
Change in Capital	0	0	0	0	0	0	Dividend Yield	7.5%	7.9%	0.0%	0.0%	0.0%	0.0%
FCF	-826,682	279,306	-321,410	-140,316	-33,457	277,436	Dividend payout	99.8%	99.4%	0.0%	0.0%	0.0%	0.0%
Balance Sheet (RON 000)							Net debt/Equity	-4.4%	-6.5%	-4.1%	-2.3%	-2.3%	11.2%
Net fixed assets	0	323	755	0	0	907	T.debt/(T.debt + Equity)	0.0%	0.0%	0.0%	0.0%	0.0%	12.0%
Current investments	10,627,878	11,098,100	10,490,630	12,927,657	11,800,705	12,927,657	Stock's information						
Current assets	55,914	3,947	2,953	162,117	29,577	311,793	Share price (RON)	0.776	Target price/share			0.95	
Cash & others	493,313	772,619	451,209	310,893	277,436	277,436	52 weeks High price (RON)	0.930	Mkt Cap (RON 000)			8,686,096	
Total Assets	11,177,105	11,874,989	10,945,547	13,400,667	12,107,718	13,517,793	52 weeks Low price (RON)	0.693	EV (RON 000) 16E			9,238,048	
							Country	Romania	Reuters			FP.BX	
Current liabilities	42,207	21,064	31,164	52,794	54,626	22,766	Sector	Financials	Bloomberg			FP.RO	
Other L/T liabilities & provisions	14,198	16,798	29,326	0	0	38,249							
Total debt	0	0	0	0	0	1,575,399							
Net debt	-493,313	-772,619	-451,209	-310,893	-277,436	1,297,963							
Shareholders capital	13,778,392	13,778,392	13,778,392	11,815,280	10,074,081	10,074,081							
Other reserves	-2,657,692	-1,941,624	-2,893,336	1,532,593	1,979,012	1,529,961							
Total Equity	11,120,701	11,836,768	10,885,056	13,347,873	12,053,092	11,604,042							
Minorities	0	0	0	0	0	0							
EV	6,547,446	6,401,907	8,981,535	9,238,048	8,789,239	9,984,059							
Market Cap *	7,040,758	7,174,526	9,432,744	9,548,941	9,066,675	8,686,096							
No of shares Year End (000)	13,778,392	13,778,392	13,778,392	11,193,423	11,193,426	11,193,423							
No of shares Diluted (000)	13,778,392	13,778,392	13,778,392	13,778,392	11,193,423	11,193,423							
Per share													
EPS	0.04	0.04	0.05	0.03	-0.05	-0.04							
IEBA EPS	0.04	0.04	0.05	0.03	-0.05	-0.04							
DPS	0.0385	0.0409	0.0000	0.0000	0.0000	0.0000							
BVPS	0.81	0.86	0.79	1.19	1.08	1.04							
FCFPS	0.04	0.04	0.05	0.03	-0.05	-0.04							
Growth rates & margins													
Revenues	5.2%	43.9%	50.4%	4.7%	-31.8%	26.6%							
EBITDA	16.8%	13.1%	12.7%	-56.2%	-270.4%	-13.2%							
EBIT	14.4%	6.3%	20.3%	-55.3%	-270.4%	-13.2%							
EBT	14.4%	6.3%	20.3%	-55.3%	-271.2%	-13.6%							
Net Income	16.8%	6.6%	20.3%	-37.4%	-232.3%	-20.5%							
IEBA net Income	16.8%	6.6%	20.3%	-37.4%	-232.3%	-20.5%							
Dividend	22.6%	6.2%	n/av	0.0%	0.0%	0.0%							
EPS	19.4%	6.6%	20.3%	-37.4%	-262.8%	20.5%							
IEBA EPS	19.4%	6.6%	20.3%	-37.4%	-262.8%	20.5%							
DPS	22.6%	6.2%	n/av	0.0%	0.0%	0.0%							
EBITDA margin	90.0%	70.7%	53.0%	22.2%	-55.4%	-37.9%							
EBIT margin	88.1%	65.0%	52.0%	22.2%	-55.4%	-37.9%							
Net margin	87.8%	65.0%	52.0%	31.1%	-60.3%	-37.8%							
IEBA net margin	87.8%	65.0%	52.0%	31.1%	-60.3%	-37.8%							

(€)

Year	Revenues	EBITDA	Dividend
11A	605,702	545,096	530,468
12A	871,748	616,713	563,398
13A	1,311,202	695,200	0
14A	1,373,436	304,591	0
15P	937,364	-519,010	0
16E	1,187,080	-450,402	0

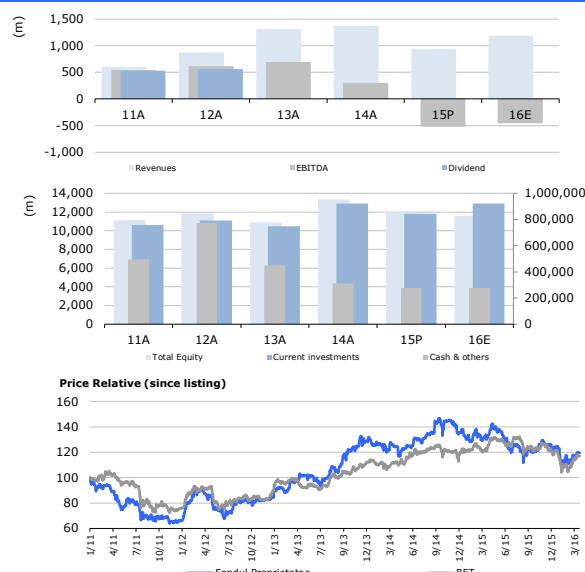
(m)

Year	Total Equity	Current Investments	Cash & others
11A	11,120,701	10,627,878	55,914
12A	11,836,768	11,098,100	3,947
13A	10,885,056	10,490,630	2,953
14A	13,347,873	12,927,657	162,117
15P	12,053,092	11,800,705	29,577
16E	11,604,042	12,927,657	311,793

Price Relative (since listing)

* Market Capitalisation = Book Value until the end of 2010, before the company's listing

Source: Fondul Proprietatea, IEBATRUST



Major news/changes in the NAV/portfolio strategy:

- Since our last update, no major changes occurred for Fondul Proprietatea – the acceleration of the sixth buy-back was cancelled due to unfavorable market conditions and no timetable was advanced for any potential resumption, SNP stake is still pending divestment when market conditions will improve, while transaction with Electrica failed and Hidroelectrica IPO is pending in the pipeline to exit insolvency. Though disappointing was that the transaction with Electrica will not materialize due to price mismatch. The price offered by Electrica (RON 684m) values the subsidiaries at following multiples: EV/EBITDA 2.9x, P/E at 6x, and P/RAB at 0.6x. Last price that FP would have accepted was RON 805m (excl. some RON 36m in the form of dividends), net for Electrica at RON 769m.

We have summarized below major developments for Fondul Proprietatea:

- **Shareholders active on GSMs: Manchester Securities Corp, a shareholder of the Fund owning more than 5% of the share capital requested for supplementing the agenda of the Fund's EGSM to be held on 26 April – "Mandate of AIFM is 2 years;** The AIFM will call an Ordinary General Meeting of Shareholders to be held at least 6 months before the expiry of the mandate of the AIFM and will ensure that the agenda for such meeting will include points granting the options to (i) approve the renewal of the AIFM's mandate and (ii) appoint a new AIFM in accordance with the legal provisions in force, with the shareholders being granted the opportunity to propose candidates for such position; the agenda will also include provisions for the authorization of the negotiation and execution of the relevant investment management agreement and fulfilment of all relevant formalities for the authorization and legal completion of such appointment".
- **Cash distributions continue being price supportive - last cash distribution yield at 7%.** FP shareholders have approved on 27 January a cash distribution of RON 0.05 per share (and concomitantly the decrease of share capital through the reduction of the nominal value of the Fund's shares) to the shareholders registered by 6 June 2016, ex-date is 3rd June. Payments are expected to start on 27 June.
- **GDR limit was reached – BNY Mellon.** Registration with the trade registry of the cancellation of the shares acquired during the fifth buy-back programme following previous FSA endorsement (i.e 227.6 shares acquired, representing some 1.89% of the share capital, avg. acquisition price at RON 0.8793/share). Share capital decrease effective as of August 12th, 2015. Shareholders have approved the reduction of the share capital via 29 October 2015 O&E GSM. GDRs 1/3 issuance limit has been reached – the Bank of New York Mellon, the depositary bank of the GDRs relating to a part of the Fund's shares was holding 3.73bn shares (74.62m GDRs equivalent).
- **Debt and ABBs remain primary source for a narrowing discount range.** The Credit Facility Agreement with Citibank Europe PLC Dublin was amended by splitting the RON 500m committed facility into RON 375m (committed) and RON 125m (uncommitted) – the purpose of the credit facility is general corporate use (share-buybacks, but excluding investments) with availability period until 31 August and final reimbursement should take place on September 30.

Some other NAV impact details, still pending:

- **Key holdings sale.** FP has announced the review of the strategic option for its stake in OMV Petrom, with intentions to hold a stake below 15% of the issued share capital – additional details were provided with respect to any potential divestiture in SNP. As per Fund Manager, the sale in SNP would occur once with better crude oil pricing.
- **Buy-back programs to support NAV share price discount.** FP reported the start-up of the sixth buy-back program since September 9, 2015 for 891.8m shares or equivalent in GDRs, representing a stake of 7.54% in the share capital, at a price range varying between RON 0.2/share and RON 2/share – 68% will be repurchased on the BVB and 32% on the LSE. Total value of shares repurchased since the start of the buy-back program stands at RON 157.08m (RON 123.21m value of shares acquisition and RON 33.87m estimated value of GDRs repurchased). Total number of shares left to be repurchased is 694.89m (6th buy-back program) and number of shares left to be repurchased from **7th buy-back program is 204.82m**. 7th buy-back program was approved on 29th of October 2015 for a **maximum of 10% starting from the effective date of the cancellation of the shares repurchased during the 5th buy-back program**. This program is estimated to **last for 18M** since following publication

within the Official Gazette for a price range between RON 0.2 and 2. This buy-back program is also conditioned by existing liquidity. **Shares cancellation with Trade Registry occurred on March 14, which technically meant the start of the 7th buy-back program.**

- **Tender Offer cancelled due to unfavorable market conditions.** Acceleration of the sixth buy-back program was cancelled on 25 January mostly due to market volatility at beginning of the year under global market's turmoil. Therefore, buy-backs were resumed on 28 January.

- **2Y new mandate starting April 1st with AIFM compliant manager.** On October 29th, 2015, shareholders were summoned for O&E GSM and approved a couple of several major issues, among which the appointment of an entity from the Franklin Templeton International Group which is headquartered in Luxembourg, to manage the assets of the Fund starting April 1st, 2016, since that entity can manage the assets of Fondul Proprietatea, given that FP was placed under alternative investment funds category. Franklin Templeton was registered in Romania as unincorporated subsidiary without share capital, with a final deadline to align to the requirements of the law by May 2016. To detail, some changes in the Management of the Fund as a result of implementation of AIFM Directive (Directive 2011/61/EU on Alternative Investment Fund Managers). Fund Manager received a 2Y mandate starting 1st April, 2016 and changed to FTIS (Franklin Templeton International Services S.À.R.L) under the AIFM Directive and local implementation regulations, and executed a new Investment Management Agreement in order to reach AIFM Directive compliance. FTIS will delegate the role of investment manager and certain administrative functions to FTIML (Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch). Furthermore, FSA considers that Commission de Surveillance du Sector Financier of Luxemburg, as the competent authority of the AIFM home state member, has oversight obligations in respect to the management performed by FTIS, based on the notification sent regarding the new IMA.

- Change in investment strategy depends on narrowing discounts: With respect to the investment strategy, no new investments will be made until the discount narrows significantly – and an active management and commitment with the current portfolio companies to increase their values

- **Discount narrowing steps:** Continuation with buy-back programs (share repurchase and /or public tender offers) and cash distributions to shareholders will remain as main tasks on the Fund agenda in order to minimize the NAV discount.

Earnings drivers - Triggers:

- **Medium< value unlock potential:** The medium & long term value of the Fund remains delivered by the value creation of the major unlisted stakes in the portfolio, we highlight below some major milestons toward this objective:

- On November 10, shareholders of Electrica approved the resumption of negotiations with FP regarding the sale of its minority stakes in its distribution subsidiaries, i.e EDMN (21.99%), EDTN (22%), EDTS (21.99%) and Electrica Furnizare (22%) – the total price to be paid to Fondul Proprietatea for these stakes was supposed to consider the economic arguments of such acquisitions, while at the end of the negotiation process, the Board will be required to make public the offered price, either accepted or not by Fondul Proprietatea – the negotiation process will have to end by 31 March 2016. **This deal with Electrica failed – FP asked for RON 875m while Electrica offered RON 790m. EL minority stakes are valued at RON 841m (February NAV) while acquisition cost was at RON 422m.** In more detail the price offered was actually at RON 684m (18% discount against RON 841m February NAV value), excluding RON 106m that FP would have to transfer to Electrica in the form of dividends from EL subsidiaries. Moreover, to make the transaction more attractive and underline the Fund's willingness to reach an agreement, Fondul lowered the price asked to RON 805m (excl. some RON 36m in the form of dividends), net for Electrica at RON 769m. The price offered by Electrica (RON 684m) values the subsidiaries at following multiples: EV/EBITDA 2.9x, P/E at 6x, and P/RAB at 0.6x. FP assured investors that remains open to negotiations with Electrica following annual shareholder meetings of the subsidiaries. We view the price asked by FP as more than reasonable and puts forth FP eagerness to value its portfolio eying share supportive measures.
- So far, the state has shown a lot of endeavor for getting listed a good part of its minority stakes either on the local stock exchange either via a dual listing, but minimal steps have been taken so far and future outlook in this regard seems also less appealing. We view as more likely the listing of Hidroelectrica, somewhere in H1'17

despite the Fund has recently stated that H2'16 seems more feasible in a more optimistic tone, **CE Oltenia seems rather like a long target as recently the government has stated that it does not seem feasible a potential listing yet, and set as first priority the restructuration of the company.** According to Remus Borza, judicial administrator representative, Hidroelectrica should get listed in November 2016, but this is pending insolvency exit while Parliamentary elections are still underway in that period. Local elections will be held in June, and could put a sluggish fingerprint upon the listing process.

- On the other hand, Posta Romana seems to be a target for listing since the Belgian postal operator bpost failed to submit an offer at the deadline of 15 September. Based on state privatization agenda - public comments of Ministry of Communications and Information Society related to Posta Romana ongoing privatization process. Recently, Ministry of Communications and Information Society has publicly commented that this year the privatization process will start, which implies first of all establishing the strategic development plan with mandatory investments required in upgrading operational processes as well as running a dividend policy. Further on, following the clearing of all these milestones, **an IPO would be preferable but stressed that a specific date cannot be advanced yet.**
- An IPO for Posta Romana remains state preferred sale method, despite strategic investor idea was also previously advanced due to the development plan required first.** In our opinion it remains a long term objective, provided state view upon Posta operational processes that imply some increased financing needs – the idea of bonds issuance in order to secure cash-flow looks mandatory. A development plan for the next five years will be released in a couple of months, and we are confident the strategic viewpoint implied will also clarify IPO timeframe, but we consider less likely an IPO to take place in the next two years due to the complex and lengthy process implied by the restructuration of the operational processes in the light provided by officials.
- Salrom**, was also a listing target with a delayed deadline, while the Airports and Ports available in the portfolio carry also significantly delayed target dates.

Company	Offering size	Offering Size Value (EUR Mn)	FP stake Value (EUR Mn)	Total Market Cap	Status of Government Decision	FP expected IPO timing
Hidroelectrica	15%	425.1	491.4	2,473.2	approved	H2 2016/2017
CE Oltenia	12%-15.3%	15.1/19.8	24.2	112.5	approved	suspended - needs restructuration
Posta Romana	>50%	>37.5	12.5	50.0	not taken yet	2016/2017
Constanta Port	n/a	n/a	29.6	148.2	not taken yet	2016/2017
Bucharest Airports	n/a	n/a	75.2	376.2	not taken yet	2016/2017
Salrom	n/a	n/a	31.9	65.2	not taken yet	2016/2017

Source: Fondul Proprietatea, IEBATRUST

- Changes in IMA.** The distribution fee rate applicable was 100 basis points for the period elapsed during 1 November 2015 and 6 January 2016 and 200 basis points for the period between 7 January - 31 March 2016. Table below details on its specifics.

Performance objective	Current mandate	New Mandate
NAV Objective	Adjusted NAVPS as of 30 June 2015, to be higher than NAVPS as of 30 September 2013 (RON 1.1610/share)	Adjusted NAVPS as of 30 June 2016, to be higher than NAVPS as of 30 June 2015 (RON 1.1851/share)
Discount objective	The discount between the closing price and the last reported NAVPS to be equal to or lower than 15%, in at least 2/3 of the trading days in the period 1 October 2014-30 June 2015	The discount between closing price and last reported NAVPS to be equal to or lower than 15%, in at least 2/3 of the trading days in the period 1st July 2015-30 June 2016
Discount Control Mechanism (DCM)	None	In the absence of investment opportunities to bring better returns for shareholders, or if the discount to NAVPS is wider than 15% for more than 50% of the Trading Days in any 3 month financial quarter, the Fund Manager will use all or significant part of proceeds from dividends and disposals to implement measures aimed at maximizing cash returns to shareholders and fulfilling the Performance Objectives via various DCM techniques: buy-backs, reduction in nominal value of shares and cash distributions, tenders offers, increased visibility upon local market and related issuers

Source: Fondul Proprietatea, IEBATRUST

- **RON 841m to be collected at minimum, from sale of Electrica subsidiaries.** Q1'16 main share price trigger was supposed to be the sale of Electrica subsidiaries, and FP has revalued its participations by a positive RON 71.3m to RON 841.4m, largest addition arising in Electrica Furnizare (RON 23.2m) – motivation is better financial standing of these companies. On 10th of November 2015, Electrica mandated its BOD to purchase the 22% stakes owned by the Fund in Electrica's subsidiaries. The table below presents in more detail main financial highlights of these Electrica companies.

Electrica subsidiaries financials

Electrica Distributie Muntenia Nord ("EDMN")

	2012	2013	S1 2014	2014	S1 2015	Budget FY'15
Operating revenues	752.3	792.8	388.3	805.4	394.2	778.3
Operating profit	99.1	132.6	78.1	n/a	94.3	165.5
Net Profit	87.1	126.5	75.8	140.3	83.1	139.00
Dividends	73.7	105.5	n/a	n/a	n/a	111.1

Electrica Distributie Transilvania Nord ("EDTN")

	2012	2013	S1 2014	2014	S1 2015	Budget FY'15
Operating revenues	609.1	656.3	332.8	674.7	352.0	685.1
Operating profit	68.8	88.0	70.4	119.6	93.4	146.0
Net Profit	53.1	63.7	61.1	95.3	80.0	120.3
Dividends	0.0	53.0	n/a	75.9	n/a	96.1

Electrica Distributie Transilvania Sud ("EDTS")

	2012	2013	S1 2014	2014	S1 2015	Budget FY'15
Operating revenues	674.4	716.1	366.1	739.3	383.0	779.3
Operating profit	61.7	90.3	76.3	121.4	90.9	142.2
Net Profit	45.8	69.3	66.5	100.0	77.3	110.4
Dividends	0.0	57.9	0.0	79.9	n/a	87.8

Electrica Furnizare

	2012	2013	S1 2014	2014	S1 2015	Budget FY'15
Operating revenues	4,524.9	4,795.2	2,056.0	4,055.4	2,056.2	4097.5
Operating profit	99.0	100.1	141.6	223.7	73.5	n/a
Net Profit	90.5	101.5	130.6	204.7	66.2	95.1
Dividends	42.1	89.3	0.0	174.0	n/a	0

Source: Fondul Proprietatea, IEBATRUST

- **Potential disposal of unlisted power&gas distribution companies.** Fondul Proprietatea can also disburse some additional holdings in other unlisted power&gas distribution companies like Enel and E.ON but also in GDF Suez Romania. Including Electrica's subsidiaries, the total book value stands at USD 854.9m or some 29.3% of FY'15 NAV. As per latest comments from Fondul representatives, discussions with Enel are still ongoing, despite past attempts failed on various reasons like pricing and/or other legal issues or Enel announcement to put on hold the sale of its operations in Romania.

E.ON: FP challenged the business strategy consultancy agreements between E.ON Distributie Romania and E.ON Energie Romania and their majority shareholder E.ON Romania SRL. FP has the right to start litigations against the companies board members and managers of these companies for approving, concluding and performing these agreements (estimated cumulated value of damages caused by these agreements: RON 34.4m in 2014).

Value of FP stake

RON m	Impact in NAV	30-Sep	27-Nov	31-Dec
Electrica Distributie Muntenia Nord	18.3	235.6	253.9	253.9
Electrica Distributie Transilvania Nord	14	201.6	215.6	215.6
Electrica Distributie Transilvania Sud	15.8	206.5	222.3	222.3
Electrica Furnizare	23.2	126.4	149.6	149.6
Total	71.3	770.1	841.4	841.4
	Impact in NAV	30-Sep	27-Nov	31-Dec
Bucharest Airports (CNAB)	165.5	332.3	332.3	497.8
Romanian Post	2.8	55.9	55.9	58.7
Constanta Port	42.5	132.6	132.6	175.1
Plafar	0.1	1.8	1.8	1.9
Hidroelectrică	476.00	2,178.09	2,178.10	2,654.10
Salrom	34.5	142.9	142.9	177.4
CE Oltenia	-45.7	108.5	108.5	62.8
Zirom	-16	39.3	39.3	23.3
Constanta airport	-0.7	2.3	2.3	1.6
Enel Distributie Banat	-16.5	640.5	640.5	624
Enel Distributie Dobrogea	4.3	396.9	396.9	401.2
Enel Distributie Muntenia	-10.4	465.8	465.8	455.4
GDF Suez Romania	-15.2	461.3	461.3	446.1
E.ON Distributie Romania	64.5	445.9	445.9	510.4
E.ON Energie Romania	-7.4	133.9	133.9	126.5
Enel Energie Muntenia	-1.1	65.1	65.1	64
Enel Energie	2.2	74.4	74.4	76.6
Total	680	5,677	5,677	6,357

Source: Fondul Proprietatea, IEBATRUST

- FY'15 financial results were largely affected by changes in statutory reporting standards provided – now running into IFRS compared to RAS previously (FSA Norm no. 39/ 28 December 2015). This new rule applies to all entities authorised, regulated and supervised by the FSA – Financial Investments and Instruments Sector.

FY'15P financial results – changes in statutory reporting standards

RON mn	2016B	2015B Rev	Y/Y (%)	2015B	Y/Y (%)	2015P	Y/Y (%)	2014A
Dividends received	567.5	598.3	-5%	567.5	0%	569.3	-17%	687.4
Interest income	0	0.003	n/a	1.62	n/a	3.9	-81%	20.9
Other income	0	0.000	n/a	1.82	n/a	19.4	53%	12.7
Total revenues	567.5	598.3	-5%	570.9	-1%	592.6	-18%	721
Total Expenses	113.4	111.1	2%	117.1	-3%	127.6		113.6
Operating profit	454.1	487.2		453.9		-521.5	12%	304.6
Net profit	454.1	487.2		453.9		-565.1		427.2
Non-budgeted portion of expenses	0.0	0.0		6.5		986.5	226%	302.8
Net foreign exchange losses	0.0	0.0		0.1				
Net loss/gain on diposal of equity investments	0.0	0.0		3.1		-344.8	-47%	-645.5
Expenses related to disposal of equity investments	0.0	0.0		0.8				
Net change in FV of other Fin. Instruments	0.0	0.0		0.2		1,240.8	105%	604.2
Expenses with provisions and impairment, net	0.0	0.0		2.2		90.5	-74%	344.1
Other non-budgeted expenses	0.0	0.0		0.1				
Investments (CAPEX)	0.43	0.35		0.35				

Source: Fondul Proprietatea, IEBATRUST

- In brief, this new reporting rule obliged Fondul Proprietatea to apply provisions of IFRS 10, 12 and IAS 27 which detail that investments in subsidiaries and associates as financial assets should be classified as FV through P&L while remaining portion of equity investments should be classified as AVFS. Differences among two types of financial assets stem in the way the loss/gain is recognised and if the respective financial asset is subject to impairment test or not. As already known, AVFS gains/losses bypass P&L and are recognized directly into equity via other comprehensive income and should the asset get reclassified the gain/loss previously recognized in equity is passed in P&L. Equity investments at FV through P&L gain/loss passes directly through P&L and is not subject to impairment due to FV rule.
- As such, FY'15 bottom line was severely affected by the unrealised negative net change in fair value related to equity investments (FV through P&L) – main impact arising from OMV Petrom shares, that lost significantly in value due to crude oil price negative performance. The share lost 28.9% in 2015 which meant some RON 1.27bn negative adjustment for the unrealized loss in value.
- Reverting to income side, gross dividend income declined by 17% Y/Y to RON 569.3m, carrying the impact of OMV Petrom drop of RON 211m from RON 331.5 a year before, partially offset by RON 129m received from Hidroelectrica. Romgaz's portion was at RON 121.4m while Electrica Furnizare supplied RON 38.3m.
- In 2015, largest impairment losses on AVFS were related to Complexul Energetic Oltenia (RON 45.6m), Nuclearelectrica (RON 36.2m) and Alro (RON 8m).
- Interest income also dropped by a sharp 81% Y/Y to RON 3.9m, as the Fund liquidity squeeze was determined by buy-back programmes carried out by the Fund during the year – fourth, fifth and sixth buy-back programme as well as the payment of the return of capital to shareholders starting June 2015, despite the ABB in Romgaz for RON 456m (16m shares sold, which reduced the stake to 5.85%).
- In 2015, in order to supplement cash needs, Fondul made use of credit facility from Citibank Europe Dublin – by eop, all outstanding amounts drawdown were repaid by end-October following SNG ABB.
- **Latest NAV:** February NAV continued going downside, albeit at a much slower pace, reaching RON 1.0906 (-0.6% MoM, 7.5% Y/Y), following the sharp dropped posted in February due to market decline. Drop in NAV is mainly attributed to four consecutive months drop in listed shares portfolio (following sale of SNG stake) -3.5% in December vs. November (RON 4.62bn), a sharp 13.4% decline in January vs. December (RON 3.99bn) and an already insignificant 1.8% value shrunk in February vs. January (RON 3.92bn). Unlisted shares portfolio is stable at RON 7.22bn

since December 2015 NAV reporting. Similar evolution reflected also on cash&bank deposits side (RON 134.66m, -21% MoM).

February 2016 Factsheet

Sector	% NAV
Oil & Gas	28%
Power & Gas utilities	31%
Power utilities: generation	25%
Infrastructure	6%
Banks	4%
Heavy Industry	2%
Aluminium	1%
Postal services	1%
Others	0%

Security name	% NAV
Hidroelectrica SA	23%
OMV Petrom SA	22%
ENEL Distributie Banat SA	5%
Romgaz	5%
E.ON Distributie Romania SA	4%
CN Aeroporturi Bucuresti SA	4%
ENEL Distributie Muntenia SA	4%
Engie Romania SA	4%
ENEL Distributie Dobrogea	4%
Electrica Distributie Muntenia	2%
Total	79%

Asset	% NAV
Listed	35%
Unlisted	64%
Net cash& receivables	2%

Source: Fondul Proprietatea, IEBATRUST

- Fondul discloses its detailed statement of investments only quarterly - in December 2015, among major listed companies, Fondul had a 18.99% stake in SNP, despite until now some very small packages were exchanged in the market and seems that Fondul is gradually divesting the oil&gas producer – H2'16 expected crude oil price revival should put higher light on this aspect, Alro Slatina (10.21% valued at RON 96.21m), 6.51% cumulated stake in TLV and BRD valued at RON 518.8m, 6% in Conpet for RON 40.37m. Also, Romgaz 5.84% remaining stake is valued at RON 613m while 9.09% in Nuclearelectrica reached 175.96m. All listed and daily traded stakes were worth a cumulated RON 4.57bn as of Dec'15. By February 2016, Fondul did not make any sale or new investment in these listed issuers.

- On unlisted side, largest value generating stake is Hidroelectrica (19.94% stake) valued at RON 2.65bn, up RON 476m vs. November value, which offset the drop in listed side and uphold NAV evolution. Actually, the NAV reported in December 2015 at RON 1.1564 was mainly impacted by the revaluation of its unlisted stakes by a cumulated RON 749.4m. Out of this value, some RON 71.3 is due to EDMN, EDTS, EDTN and Electrica Furnizare update in independent valuation. Compensating pluses and minuses, CN Aeroporturi Bucuresti (CNAB) also saw a quite large adjustment in valuation to RON 497.8m, up by RON 165.5m. As per Fund manager, these updates in valuation mostly occurred due to improvement in the financial standing of the company.

- Currently, its portfolio remains tilted toward unlisted side (64%), oil&gas sector weights some 28%, while power&gas utilities hold a cumulated weight of 56%. Largest weights in NAV are Hidroelectrica (23%) and OMV Petrom (22%). No details were yet announced with respect to the transaction with Electrica. In February NAV, these stakes are included at RON 841.4m and we assume Fondul would like to receive from Electrica at least this amount.

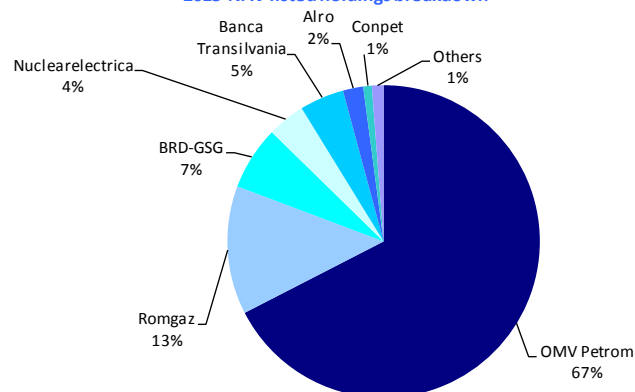
Fondul Proprietatea NAV breakdown and major unlisted stakes monthly official valuation:

NAV breakdown	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	MoM (%)	Feb-16	MoM (%)	Y/Y (%)
Listed shares	5,610	5,062	4,787	4,620	3,999	-13%	3,925	-2%	-36%
Unlisted shares	6,471	6,543	6,543	7,221	7,221	0%	7,221	0%	12%
other financial assets	0	0	0	0	0	0%	0	0%	0%
Account receivables	68	28	27	29	28	-4%	28	0%	216%
Bank deposits	134	194	161	198	159	-20%	125	-21%	50%
Cash&bank deposits	274	373	307	277	271	-2%	236	-13%	22%
Tbonds	131	169	137	79	101	28%	102	0%	-7%
Reserves & Retained Earnings	1,926	1,860	1,536	2,014	1,387	-31%	1,288	-7%	
Account payable	27	25	10	17	20	22%	11	-48%	-12%
other debt	31	31	28	26	27	2%	26	-2%	29%
Provisions	17	17	17	17	10	-39%	12	11%	1%
NAV	12,000	11,934	11,610	12,088	10,444	0	11,362	9%	-11%
NAV/share	1.134	1.132	1.107	1.156	1.098	-5%	1.091	-1%	-8%
Eop price	0.790	0.820	0.820	0.810	0.730		0.740		
(%) discount to NAV	-30%	-28%	-26%	-30%	-33%		-32%		
Companies in portfolio, o/w	49	49	48	48	48		48		
admitted to trading on regulated market	9	8	8	8	8		8		
admitted to trading on an Aero market	6	6	6	6	6		6		
Companies not admitted to trading	34	35	34	34	34		34		
Hidroelectrica	2,178	2,178	2,178	2,654	2,654		2,654		
weight in unlisted NAV portion (%)	34%	33%	33%	37%	37%		37%		
weight in NAV (%)	18%	18%	19%	22%	25%		23%		
vs. listed shares m-t-m value (%)	39%	43%	45%	57%	66%		68%		
Enel Distributie Banat	640	640	640	624	624		624		
E.ON Distributie Romania	446	446	446	510	510		510		
Bucharest Airports (CNAB)	332	332	332	498	498		498		
Enel Distributie Muntenia	466	466	466	455	455		455		
GDF Suez Energy Romania	461	461	461	446	446		446		
Enel Distributie Dobrogea	397	397	397	401	401		401		
Electrica Distributie Muntenia Nord SA	236	254	254	254	254		254		
Electrica Distributie Transilvania Sud SA	207	222	222	222	222		222		
Electrica Distributie Transilvania Nord SA	202	216	216	216	216		216		
Salrom	143	143	143	177	177		177		
Constanta Port	133	133	133	175	175		175		
Electrica Furnizare	126	150	150	150	150		150		
E.ON Energie Romania	134	134	134	127	127		127		
Total Top 20 Holdings in NAV	6,101	6,173	6,173	6,911	6,911		6,911		
weight in unlisted NAV portion (%)	94%	94%	94%	96%	96%		96%		
weight in NAV (%)	51%	52%	53%	57%	66%		61%		
vs. listed shares m-t-m value (x)	1.1	1.2	1.3	1.5	1.7		1.8		

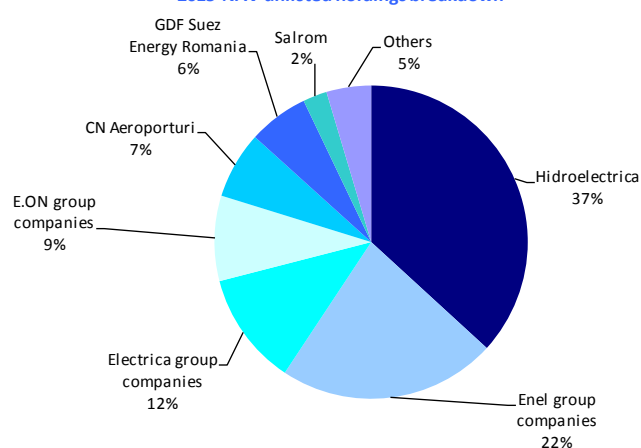
Source: Fondul Proprietatea, IEBATRUST

FY'15 detailed statement of investments:

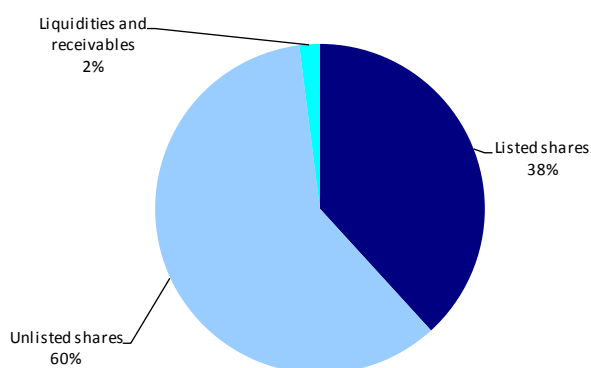
2015 NAV listed holdings breakdown



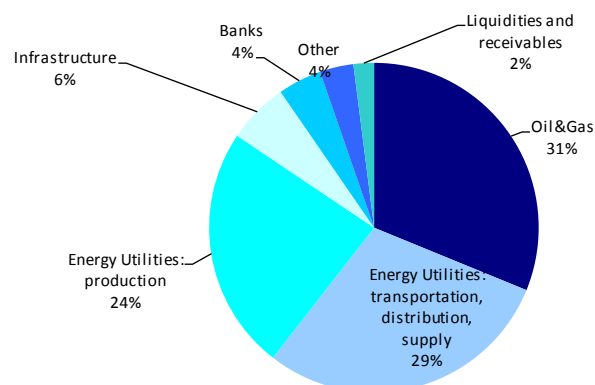
2015 NAV unlisted holdings breakdown



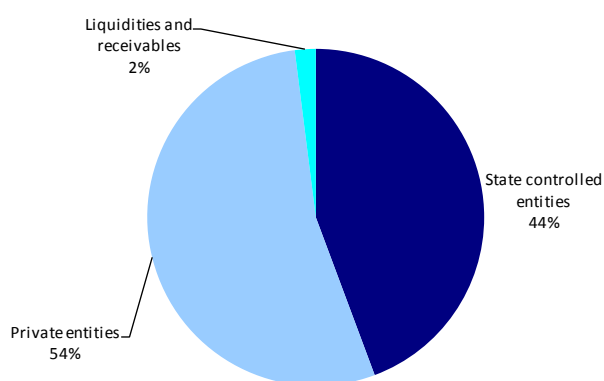
2015 NAV structure by asset type



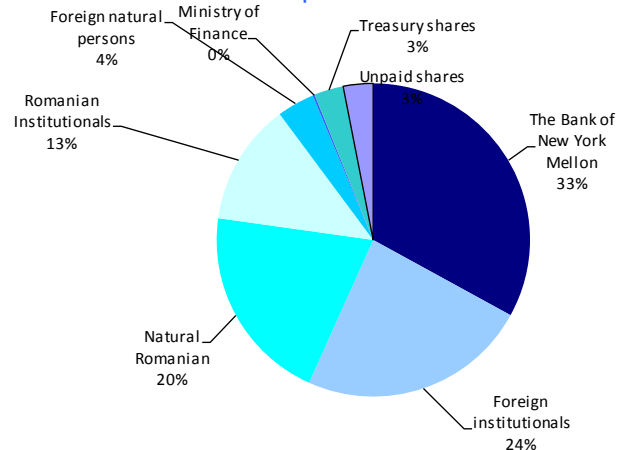
2015 NAV structure by sector



2015 NAV structure by control type



2015 ownership structure



Source: Fondul Proprietatea, IEBATRUST

- **Share price evolution:** Since January 2015, FP remained a laggard against BET, in spite some stock specific positive catalysts encompassed via buy-backs, tender-offers and cash distributions – cumulated cash distributions yield at last market price stands at some 14%. Also, in our opinion, some positive sentiment was brought by the optimistic mood released by the Government with respect to the IPOs pipeline, albeit steps in this regard seem to be difficult due to several unwanted reasons like additional restructuring as the case for CE Oltenia or Hidroelectrica re-entering insolvency.

- In a top down-approach, the Fund has created some changes with respect to the corporate governance of the companies where in top management which at the end has benefited some increased visibility upon business operations of each company and overall market. On the negative side, market momentum was not very appealing due to rather improper market conditions like declining oil&gas prices, negative market sentiment due to events in Greece and Ukraine, delays in gas price liberalization, introduction of additional indirect taxes to support budget gaps and reduction in the RRR of the electricity distribution companies from 8.5% to 7.7% of RAB. Also, YTD the local market was affected by global markets turmoil, which put on hold FP plans with respect to its tender offer and did not create additional room for cashing in some stakes in portfolio.

Hidroelectrica – a closer look through a brief valuation exercise

- **Electricity generated in 2015 vs 2014:** 15.9 TWh vs 18.4 TWh.

- **IPO process:** Listing consortium is Morgan Stanley and Raiffeisen – according to Fondul Proprietatea, twice a month meetings with consortium, company and shareholders are being held and the company can be listed after the exit from insolvency will occur, as part of the preparatory work has already been done. According to Mr. Borza, insolvency exit is mandatory for IPO – an indicative value was at EUR 500m, which means that FP values Hidroelectrica lower at RON 13.3bn (EUR 2.7bn) – Dec'15 NAV was at RON 2.65bn (RON 13.31bn implied). Based on same source the IPO should take place between 10-20 November 2016. Recently, Ludwig Sobolewski, Bucharest Stock Exchange (BVB) CEO announced that 2016 could be the year when IPOs would be resumed, giving Salrom higher chances for a potential IPO, rather than Hidroelectrica, which was given only 10% IPO odds. Due to IPO value, Hidroelectrica listing would also help BVB to make additional steps in achieving the MSCI criteria in order to reach emerging market status compared to its current frontier condition.

Potential IPO range should FP participate by an additional 5% to 10%

IPO value matrix (in EURm) - estimated range						FP Val. +Admin.
5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	
149	298	447	596	745	893	1% 2% 3%
500	500	500	500	500	500	
649	798	947	1,096	1,245	1,393	
20%	25%	30%	35%	40%	45%	
30%	35%	40%	45%	45%	45%	
30%	35%	40%	45%	45%	45%	FP Val. +Ieba.
30%	35%	40%	45%	45%	45%	
30%	35%	40%	45%	45%	45%	
30%	35%	40%	45%	45%	45%	
30%	35%	40%	45%	45%	45%	
30%	35%	40%	45%	45%	45%	FP Val. +Ieba.
30%	35%	40%	45%	45%	45%	
30%	35%	40%	45%	45%	45%	
30%	35%	40%	45%	45%	45%	
30%	35%	40%	45%	45%	45%	

Source: Fondul Proprietatea, IEBATRUST

- **Update on litigations:** the syndic judge dismissed all oppositions to the opening of the insolvency via a decision that is also subject to a second appeal, that was heard on 11 February 2016. Contestations against the creditors' table and litigations arising from the unilateral termination of the bilateral agreements are still being judged in front of the syndic judge. Experts have been appointed in these cases – claims worth RON 1.6bn. Hidroelectrica won the trials with Energy Holding and EFT AG as well as Alpiq Romenergie – **news is positive as we expect it would hurry up insolvency exit and benefit the start of the listing process.**

- **Brief operations overview:** largest hydropower producer in the country (around 25% of total consumption in a normal hydrological year) and main system services supplier (slightly higher

than 70% market share in FY'14 and maintained for FY'15 in our assumption). Electricity generated in 2015 and 2014 18.46TWh and 16.13TWh; sales were higher at was 18.68TWh and 17.11TWh, with output gap covered through external acquisitions through bilateral contracts, when production is lower than expected, but also to cover its own consumption needs – however, these own needs were halved by end-2015 slightly above 1%, compared to almost 3% during FY'09-'11. This electricity is produced by making use of 256 number of powerplants and 5 pumping stations, with an installed capacity of 6,464MW (17.5TWh delivered output).

- **Financials side – earnings remain appealing:** FY'15P pre-tax profit was at RON 1.1bn (-4.3% Y/Y) with sales at RON 3.2bn (-6.5% Y/Y). FY'15 electricity produced was at 16.13TWh (-13% Y/Y). Despite the lower production Y/Y, Hidroelectrica managed to achieve comparable net profits (RON 0.9bn in FY'15 and RON 0.94bn in FY'14), mostly on the back strict cost containment – on of the benefits brought by the insolvency process – production cost was at RON 184/MWh FY'12 to ca. RON 110/MWh (asset tax excluded – to be cancelled starting FY'17). Unit generation cost was highest in FY'12, reaching RON 163.7MWh, with net profitability negative at RON 508m. In FY'10, electricity produced was at 19.85TWh, but bottom line was at only RON 0.29bn, despite the production cost landed at RON 85/MWh. Hidroelectrica intends to sue the Romanian State at the European Court of Justice with respect to the water tariff – some EUR 100m are paid annually for such tariff (around 25% of production cost). For FY'16, Hidroelectrica has to sell on the regulated segment of the market some 2.69TWh at an average price of RON 120.55/MWh (+5.5% Y/Y), implying revenues of RON 324.28m.

- **Ambitious CAPEX expectations:** FY'15-'20 capex plan is at EUR 1.3bn - new hydropower developments: EUR 450m into the projects under execution, in advanced stages of completion (Racovita – FY'15; Bretea – FY'15; Rastolita – FY'16; Dumitra-Bumbești – FY'16-'17; Siriu-Surduc – FY'18). The refurbishment of the existent hydropower developments (EUR 305m to be invested in the refurbishment of 4 hydropower plants of great capacity (Stejaru – 210MW installed capacity, Vidraru – 220MW installed capacity, Raul Mare Retezat – installed capacity of 335MW, Mariselu – 220MW installed capacity). Capitalized maintenance works were budgeted at EUR 240m. Some ambitious plans also exist for some EUR 300m to be invested in new generation capacities from other renewable sources (wind, solar and biomass).

DCF Valuation	2013A	2014A	2015P	2016E	2017E	2018E	2019E	2020E
EBIT	1,016	1,208	1,122	1,101	1,212	1,243	1,237	1,230
Depreciation	992	981	954	973	992	1,012	1,032	1,053
EBITDA	2,008	2,189	2,075	2,074	2,204	2,255	2,270	2,283
EBITDA margin	65%	64%	65%	72%	75%	76%	76%	77%
NOPLAT				925	1,018	1,045	1,039	1,034
Wcapital		(26.44)	279.6	206.1	179.9	151.9	151.9	151.9
Wcapital in sales (%)	0%	-1%	9%	7%	6%	5%	5%	5%
Change in Wcapital		(26.44)	306.02	(73.44)	(26.24)	(28.04)	-	-
CAPEX				-650	-850	-950	-1,000	-1,100
FCFF				1,174	1,134	1,078	1,072	986
WACC				9.3%	10.5%	11.3%	11.3%	11.3%
PV of FCFF				1,099	1,019	957	949	874
Sum PV of FCFF				4,898				
Terminal growth rate				0%				
TV				10,650				
PV of TV				9,434				
Total FCFF				14,332				
(+) book value of investments (-) minorities (16E)				41				
EV				14,373				
(-) net debt (16E)				-307				
(-) other adjustments - insolvency related				604				
Shareholder's value (RON m)				14,076				
FP valuation (19.94% stake) (RON m)				2,654				
upside/downside (%)				6%				

Multiples range at target price	2015P	2016E	2017E	2018E	2019E	2020E
P/E (x)	15.54	15.50	14.06	13.69	13.76	13.84
P/BV (x)	0.79	0.75	0.71	0.67	0.64	0.61
EV/EBITDA (x)	6.93	6.93	6.52	6.37	6.33	6.29
EV/Capacity (RON/MWh)	2.23	2.23	2.23	2.23	2.23	2.23
EV/Sales (x)	4.43	4.88	4.79	4.73	4.73	4.73

Source: Fondul Proprietatea, IEBATRUST

FP Valuation Summary

- FP's portfolio has a distinctive mix being comprised of all major Romanian energy companies (both public and private), utilities and transportation/infrastructure companies listed and non-listed entities.
- For our base case scenario, we value FP using a sum-of-parts methodology employing almost (less conservative) a similar methodology to the official one. However, we also exercise a best case scenario incorporating different valuation methods for the companies in the portfolio. Our current NAV (base case) exercise incorporates:
 - listed holdings – last closing price, considered in our numbers at March 29.
 - for major unlisted companies – various scenarios were used, including some official Fund valuation numbers, were the case for the small unlisted holdings with less visibility upon reported numbers and irrelevant peer comparison upon their business models
 - companies in insolvency or under litigation, priced at zero. In the end, we apply a discount of 10%, hiked from previously 5%, but lower than initial 20%, provided the upcoming IPOs, increased visibility upon unlisted stakes and implementation of corporate governance principles where FP BOD seats available, equally split between the fund's holding nature and for the high weight of unlisted companies and low visibility of some holdings and their low marketability as well. We derive a fair value for Fondul Proprietatea of RON 10.03bn and a NAVPS of RON 0.95.
- We also run a best case scenario, a NAV valuation exercise incorporating an optimistic and most probable scenario for the long-term including:

- (i) listed holdings – last closing price, considered in our numbers at March 29, for listed stocks
- (ii) a relative valuation (average of EV/EBITDA and P/BV multiples) on major unlisted holdings, while
- (iii) for the rest unlisted small stakes holdings including (CE Oltenia due to restructuration process), we incorporate FP December reported values. Our best scenario exercise returns a fair value of RON 10.73bn and a NAVPS of RON 1.03.

Table. Official methodology versus IEBA's valuation approach

	Official	IEBA	Alternative scenario
Listed holdings	<ul style="list-style-type: none"> The market capitalization of listed holdings at the date of statement No trades within last 30 days, then shareholder's equity or fair value 	<ul style="list-style-type: none"> Last closing price Last closing price 	<ul style="list-style-type: none"> Last closing price For the remaining smaller listed entities, we apply the maximum value between the latest Equity (i.e. 2014/2015) and their market capitalization, either last valuation reported by the Fund as of February 2016
Unlisted holdings	<ul style="list-style-type: none"> Shareholder's equity or fair value 	<ul style="list-style-type: none"> Shareholder's equity or fair value, either last Fund official valuation for less visible entities 	<ul style="list-style-type: none"> For the major unlisted holdings, we apply a relative valuation without any discounts (an optimistic scenario). The relative valuation incorporates the median value produced by applying peers' EV/EBITDA and P/BV multiples.
Companies in liquidation / bankruptcy / negative equity	<ul style="list-style-type: none"> At zero 	<ul style="list-style-type: none"> At zero 	<ul style="list-style-type: none"> At zero

Source: Fondul Proprietatea, IEBATRUST

Table. Historic NAV and IEBA's FY16E NAV

Portfolio - RON m	No of companies	NAV 2015	% of total	No of companies	NAV 2016E*	IEBA NAV 16E	% of total
Listed in BVB holdings	14	4,620	38%	14	3,791	3,671	33%
OMV Petrom		3,120	26%		2,603	2,603	23%
Romgaz		613	5%		229	229	2%
Nuclearelectrica		176	1%		158	158	1%
BRD		307	3%		262	262	2%
Banca Transilvania		212	2%		232	232	2%
Alro		96	1%		86	86	1%
Romaero		25	0%		23	23	0%
Conpet		40	0%		42	42	0%
Oil Terminal		4	0%		4	4	0%
Non-listed companies	34	7,221	60%	34	7,221	7,221	65%
Hidroelectrica	1	2,654	22%	1	2,654	2,654	24%
CE Oltenia	1	63	1%	3	63	63	1%
Electricity Utilities	11	2,589	21%	12	3,099	3,099	28%
Airports	3	502	4%	3	502	502	5%
Gas Distribution	2	956	8%	2	446	446	4%
Posta Romana	1	59	0%	1	59	59	1%
Ports	4	193	2%	4	193	193	2%
Other	11	205	2%	8	205	186	2%
Total	48	11,841	98%	48	11,012	10,891	97.7%
(-) Provisions on the portfolio		17	0.1%		0	0	0.0%
Other investments and receivables		1	0.0%		30	30	0.3%
Cash		186	1.5%		277	277	2.5%
(-) Debt (liabilities)		43	0.4%		55	55	0.5%
NAV		12,088	100%		11,264	11,144	100%
Per share**		1.16			1.08	1.07	
(+/-) Discount						10%	
Shareholders' value						10,029	
Shareholders' value per share						0.95	
Upside/downside (%)						16%	
Cash distribution Yield at last price						6.4%	
Cumulated cash distribution Yield at last price						23%	
Cash distribution 2014 - RON 591.02m							
Cash distribution 2015 - RON 601.32m							
Cash distribution 2016 - RON 548.29m							

* Balance sheet NAV ac. to official valuation method, incorporating m-t-m value for listed holdings.

** adjusted with the paid number of shares and treasury shares not cancelled yet (10,418,107,025)

Source: Fondul Proprietatea, IEBATRUST

Our recommendation

- Given our NAV16E at RON 10.03bn, standing at the conservative side with higher potential for upward revisions and a higher discount of 10% due to high unlisted stakes in the portfolio, resulting to a shareholder's value per share of RON 0.95, we set our rating at BUY. We see FP as a value play and a long-term investment case.

Table. FY16E NAV and best current scenario

Portfolio - RON m	No of companies	NAV 2015	% of total	No of companies	NAV 2016E*	IEBA NAV 16E	% of total	Fair Value Based on EV/EBITDA (1)	% of total	Fair Value Based on P/BV (2)	% of total	Fair Value Based on Median (1)-(2)	% of total	Blended Value - IEBA NAV 16E & Fair Value Median
Listed in BVB holdings	14	4,620	38%	14	3,791	3,671	33%	3,671	30%	3,671	27%	3,671	29%	3,671
OMV Petrom		3,120	26%		2,603	2,603	23%	2,603	22%	2,603	19%	2,603	20%	2,603
Romgaz		613	5%		229	229	2%	229	2%	229	2%	229	2%	229
Nuclearelectrica		176	1%		158	158	1%	158	1%	158	1%	158	1%	158
BRD		307	3%		262	262	2%	262	2%	262	2%	262	2%	262
Banca Transilvania		212	2%		232	232	2%	232	2%	232	2%	232	2%	232
Alro		96	1%		86	86	1%	86	1%	86	1%	86	1%	86
Romaero		25	0%		23	23	0%	23	0%	23	0%	23	0%	23
Conpet		40	0%		42	42	0%	42	0%	42	0%	42	0%	42
Oil Terminal		4	0%		4	4	0%	4	0%	4	0%	4	0%	4
Non-listed companies	34	7,221	60%	34	7,221	7,221	65%	8,178	68%	9,473	71%	8,776	69%	7,998
Hidroelectrica	1	2,654	22%	1	2,654	2,654	24%	2,927	24%	3,198	24%	3,063	24%	2,858
CE Oltenia	1	63	1%	3	63	63	1%	63	1%	63	0%	14	0%	38
Electricity Utilities	11	2,589	21%	12	3,099	3,099	28%	3,293	27%	1,823	14%	2,558	20%	2,829
Airports	3	502	4%	3	502	502	5%	462	4%	1,335	10%	899	7%	700
Gas Distribution	2	956	8%	2	446	446	4%	1,103	9%	2,880	21%	1,991	16%	1,219
Posta Romana	1	59	0%	1	59	59	1%	60	0%	115	1%	87	1%	73
Ports	4	193	2%	4	193	193	2%	242	2%	32	0%	137	1%	165
Other	11	205	2%	8	205	186	2%	27	0%	27	0%	27	0%	107
Total	48	11,841	98%	48	11,012	10,891	97.7%	11,848	98%	13,144	98%	12,447	98%	11,669
(-) Provisions on the portfolio		17	0.1%		0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Other investments and receivables		1	0.0%		30	30	0.3%	30	0.2%	30	0.2%	30	0.2%	30
Cash		186	1.5%		277	277	2.5%	277	2%	277	2.1%	277	2.2%	277
(-) Debt (liabilities)		43	0.4%		55	55	0.5%	55	0.5%	55	0.4%	55	0.4%	55
NAV		12,088	100%		11,264	11,144	100%	12,101	100%	13,396	100%	12,699	100%	11,921
Per share**		1.16			1.08	1.07		1.16		1.29		1.22		1.14
(+/-) Discount							10%		10%		10%		10%	
Shareholders' value						10,029		10,891		12,057		11,429		10,729
Shareholders' value per share						0.95		1.05		1.16		1.10		1.03
Upside/downside (%)						16%						34%		26%
Cash distribution Yield at last price						6.4%						6.4%		6.4%
Cumulated cash distribution Yield at last price						23%						23%		23%
Cash distribution 2014 - RON 591.02m														
Cash distribution 2015 - RON 601.32m														
Cash distribution 2016 - RON 548.29m														

* Balance sheet NAV ac. to official valuation method, incorporating m-t-m value for listed holdings.

** adjusted with the paid number of shares and treasury shares not cancelled yet (10,418,107,025)

Source: Fondul Proprietatea, IEBATRUST

Targeted NAV in the long run

- Additionally, we run a NAV valuation exercise that incorporates an optimistic and a higher upside potential scenario including: i) March 29 market capitalization for listed stocks ii) for the remaining smaller listed entities, we apply the maximum value between the latest Equity (i.e. 2014/2015) and their market capitalization, either last valuation reported by the Fund as of February 2016 iii) for the major unlisted holdings, we apply a relative valuation with some specific discounts (an optimistic scenario).
- The relative valuation incorporates the median value produced by applying peers' EV/EBITDA and P/BV multiples. The stand alone P/BV relative multiples exercise produces much higher valuation for the entire portfolio than EV/EBITDA, almost double, boosting NAVPS to RON 1.16, significantly above our NAV16E. For the rest unlisted holdings that carry very low visibility we used the last official reported value by the Fund, as of February 2016.

Table. Analytical valuation metrics in our best current scenario

Relative and implied valuation (RON m)	EBITDA '14/15	x Peers EV/EBITDA (16-17E)	Discount (%)	EV	- net Debt '14/15	Fair value (1)	FP fair value	T.Equity '14/15	x Peers P/BV (16-17E)	Discount (%)	Fair value (2)	Median Fair value (1) & (2)	% of FP	IEBA Fair value (2016E)	Potential based on Relative (1) & (2)	Valuation method
Portfolio Valuation at different methodologies						11,799	11,848				13,144			10,891	12,447	
Listed in BVB holdings						3,670.6	3,670.6				3,670.6			3,670.6	3,670.6	
OMV Petrom						2,603.1	2,603.1	26,315.6			2,603.1	19.0%		2,603.1	2,603.1	Ref price/closing price
Romgaz						229.4	229.4	9,712.0			229.4	5.8%		229.4	229.4	Ref price/closing price
Nuclearelectrica						157.9	157.9	7,482.8			157.9	9.1%		157.9	157.9	Ref price/closing price
Airo						86.4	86.4	1,195.0			86.4	10.2%		86.4	86.4	Ref price/closing price
Romaero						23.5	23.5	635.7			23.5	21.0%		23.5	23.5	Ref price/closing price
BRD - GSG						261.8	261.8	5,492.4			261.8	3.6%		261.8	261.8	Ref price/closing price
Banca Transilvania						232.3	232.3	3,702.0			232.3	2.9%		232.3	232.3	Ref price/closing price
Other						151.0	151.0				151.0			151.0	151.0	Ref price/closing price
Un-Listed						8,128.6	8,177.9				9,473.2			7,220.7	8,776.2	
Electricity producers																
Hidroelectrica	2,172.2	7.2x	0%	14,372.6	-307.1	14,679.8	2,927.1	17,900.0	1.2x	25%	16,040.4	15,360.1	19.9%	2,654.1	3,062.8	Fair value - DCF method
Complexul Energetic Oltenia	209.0	6.0x	0%	1,254.4	2,275.0	62.8	62.8	5,398.0	1.2x	0%	62.8	62.8	21.6%	62.8	13.5	Official FP February NAV reported values
Gas																
E.ON Distributie Romania	368.0	7.4x	0%	2,719.5	-45.0	2,764.5	507.0	3,265.0	3.3x	25%	8,143.0	5,453.8	18.3%	510.4	1,000.2	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
E.ON Energie Romania	128.0	7.4x	0%	945.9	223.0	722.9	96.8	804.0	3.3x	25%	2,005.2	1,364.1	13.4%	126.5	182.6	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
GDF Suez Energy Romania	540.0	7.4x	0%	3,990.6	-175.0	4,165.6	499.5	3,738.0	3.3x	25%	9,322.7	6,744.1	12.0%	446.1	808.6	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Electricity distribution & supply																
Electrica Distributie Muntenia Nord	253.0	5.5x	0%	1,393.0	-129.0	1,522.0	334.7	1,577.0	1.0x	25%	1,213.5	1,367.8	22.0%	253.9	300.8	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Electrica Distributie Transilvania Sud	280.0	5.5x	0%	1,541.7	39.0	1,502.7	330.4	1,426.0	1.0x	25%	1,097.3	1,300.0	22.0%	222.3	285.9	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Electrica Distributie Transilvania Nord	259.0	5.5x	0%	1,426.1	56.0	1,370.1	301.4	1,319.0	1.0x	25%	1,015.0	1,192.5	22.0%	215.6	262.4	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Electrica Furnizare	230.5	5.5x	0%	1,269.1	-520.0	1,789.1	393.6	166.1	1.0x	25%	127.8	958.5	22.0%	149.6	210.9	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
ENEL Distributie Dobrogea	224.0	5.5x	0%	1,233.3	-589.0	1,822.3	439.0	1,452.0	1.0x	25%	1,117.3	1,469.8	24.1%	401.2	354.1	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
ENEL Distributie Banat	295.0	5.5x	0%	1,624.3	-1,190.0	2,814.3	678.8	2,120.0	1.0x	25%	1,631.3	2,222.8	24.1%	624.0	536.1	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Enel Distributie Muntenia	444.0	5.5x	0%	2,444.7	-1,994.0	4,438.7	532.6	3,511.0	1.0x	25%	2,701.7	3,570.2	12.0%	455.4	428.4	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Enel Energie Muntenia	52.5	5.5x	0%	289.1	-825.0	1,114.1	133.7	382.3	1.0x	25%	294.2	704.1	12.0%	64.0	84.5	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Enel Energie	159.0	5.5x	0%	875.5	-367.0	1,242.5	148.1	452.4	1.0x	25%	348.2	795.3	12.0%	76.6	95.4	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Post/Courier services																
Posta Romana	88.5	2.5x	0%	221.3	-17.6	238.8	59.7	339.9	2.7x	50%	458.9	348.9	25.0%	58.7	87.2	Blend - Multiples/EV/EBITDA at par, P/BV with 50% discount
Airports																
CN Aeroporturi Bucuresti	236.9	9.8x	0%	2,311.6	9.3	2,302.3	460.5	4,064.4	2.2x	25%	6,614.0	4,458.1	20.0%	497.8	891.6	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Aeroportul Mihail Kogalniceanu	0.3	9.8x	0%	2.9	0.1	2.8	0.6	18.4	2.2x	25%	29.9	16.4	20.0%	1.6	3.3	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Aeroportul Timisoara Traian Vuia	0.7	9.8x	0%	6.8	0.9	5.9	1.2	19.7	2.2x	25%	32.1	19.0	20.0%	2.6	3.8	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Ports																
Administratia Porturilor Constanta	123.4	8.5x	0%	1,051.7	35.4	1,016.3	203.2	34.7	1.5x	25%	37.9	527.1	20.0%	175.1	105.4	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Administratia Canalelor Navigabile	13.2	8.5x	0%	112.5	-17.8	130.3	26.1	85.4	1.5x	25%	93.3	111.8	20.0%	16.5	22.4	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Administratia Porturilor Dunarii	2.3	8.5x	0%	19.6	-0.5	20.1	1.5	10.6	1.5x	25%	11.6	15.8	7.7%	1.2	1.2	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Administratia Porturilor Dunarii Fluviale	6.4	8.5x	0%	54.5	-1.9	56.4	11.3	20.1	1.5x	25%	21.9	39.2	20.0%	0.0	7.8	Blend - Multiples/EV/EBITDA at par, P/BV with 25% discount
Other						27.2	27.2				27.2	27.2	100.0%	27.2	27.2	Official FP February NAV reported values

Source: Fondul Proprietatea, IEBATRUST, Bloomberg

Relative valuation: Peers of major unlisted companies

Airports	Company name	Country	Mkt Cap	YTD	1 Year	EV/EBITDA			P/BV			Net debt/EBITDA		
						Median 16-17E	16E	17E	Median 16-17E	16E	17E	Median 16-17E	16E	17E
			(in EUR m)	%	%									
FLU AV Equity	FLUGHAFEN WIEN	AUSTRIA	2,037	11%	20%	8.21	8.4	8.0	1.80	1.9	1.7	1.23	1.4	1.1
FHZN SW Equity	FLUGHAFEN ZU-REG	SWITZERLAND	4,777	13%	15%	10.37	10.5	10.3	2.21	2.3	2.2	0.98	1.0	1.0
SAVE IM Equity	SAVE SPA	ITALY	698	-3%	-2%	10.11	10.3	9.9	2.97	3.0	2.9	3.19	3.1	3.3
Weighted median & applied multiples				11%	15%	9.76			2.17			1.25		

Ports	Company name	Country	Mkt Cap	YTD	1 Year	EV/EBITDA			P/BV			Net debt/EBITDA		
						Median 16-17E	16E	17E	Median 16-17E	16E	17E	Median 16-17E	16E	17E
			(in EUR m)	%	%									
OLTH GA EQUITY	THESSALONIKI POR	GREECE	207	-15%	21%	5.62	6.2	5.1	1.34	1.4	1.3	-3.38	-4.0	-2.7
HHFA GR EQUITY	HAMBURGER HAFEN	GERMANY	979	-4%	-34%	5.03	5.1	5.0	1.78	1.8	1.7	0.54	0.6	0.5
AKFEN TI Equity	AKFEN HOLDING AS	TURKEY	953	-1%	104%	18.07	21.1	15.0	2.04	1.9	2.2	3.20	3.9	2.5
EUK2 GR Equity	EUROKAI KGAA	GERMANY	394	3%	-19%	10.17	10.7	9.6	1.22	1.2	1.2	0.96	1.0	0.9
NMTP RM Equity	NOVOROSSIYSK COM	RUSSIA	928	-1%	163%	3.87	4.0	3.8	0.95	1.1	0.8	1.24	1.6	0.9
GLPR LI Equity	GLOBAL-GDR REG S	CYPRUS	537	-3%	-21%	5.91	6.1	5.7	0.94	1.0	0.8	2.82	3.2	2.5
Weighted median & applied multiples				-2%	51%	8.52			1.46			1.48		

Hydro and Alternative power producers	Company name	Country	Mkt Cap	YTD	1 Year	EV/EBITDA			P/BV			Net debt/EBITDA		
						Median 16-17E	16E	17E	Median 16-17E	16E	17E	Median 16-17E	16E	17E
			(in EUR m)	%	%									
EOAN GR Equity	E.ON SE	GERMANY	16,166	-10%	-42%	3.63	3.6	3.6	0.86	0.9	0.9	3.94	4.0	3.9
EDF FP Equity	EDF	FRANCE	19,199	-26%	-56%	2.74	2.7	2.8	0.56	0.6	0.6	2.53	2.4	2.6
ELE SM Equity	ENDESA	SPAIN	18,391	-6%	-3%	7.12	7.0	7.2	2.04	2.0	2.0	1.42	1.4	1.5
ENA PW Equity	ENEA	POLAND	1,236	5%	-29%	4.55	4.6	4.5	0.38	0.4	0.4	2.77	2.7	2.8
GAS SM Equity	GAS NATURAL SDG	SPAIN	17,922	-5%	-16%	7.13	7.2	7.1	1.18	1.2	1.2	2.91	3.0	2.8
PGE PW Equity	PGE SA	POLAND	6,141	9%	-33%	4.28	4.2	4.4	0.62	0.6	0.6	1.26	1.0	1.5
VER AV Equity	VERBUND AG	AUSTRIA	3,710	-10%	-33%	9.92	9.5	10.3	0.74	0.8	0.7	4.33	4.2	4.4
ENEL IM Equity	ENEL SPA	ITALY	37,012	1%	-7%	6.55	6.6	6.4	1.09	1.1	1.1	2.60	2.6	2.6
IBE SM Equity	IBERDROLA SA	SPAIN	38,242	-9%	1%	8.68	8.8	8.6	0.97	1.0	1.0	3.44	3.5	3.4
PPC GA Equity	PUBLIC POWER COR	GREECE	677	-25%	-49%	5.33	5.3	5.4	0.11	0.1	0.1	4.67	4.6	4.7
RWE GR EQUITY	RWE AG	GERMANY	6,511	-8%	-55%	3.37	3.4	3.3	0.78	0.8	0.8	4.51	4.6	4.4
CPL6 BZ Equity	COPEL-PREF B	BRAZIL	1,591	19%	-13%	4.88	5.3	4.5	0.55	0.6	0.5	2.37	2.6	2.1
CSMG3 BZ Equity	COPASA MG - ORD	BRAZIL	538	18%	5%	4.33	4.6	4.0	0.37	0.4	0.4	2.68	2.8	2.5
Weighted median & applied multiples				-7%	-18%	6.27			1.04			2.89		

Electricity producers	Company name	Country	Mkt Cap	YTD	1 Year	EV/EBITDA			P/BV			Net debt/EBITDA		
						Median 16-17E	16E	17E	Median 16-17E	16E	17E	Median 16-17E	16E	17E
			(in EUR m)	%	%									
ZOREN TI EQUITY	ZORLU ENERJI ELE	TURKEY	380	-2%	1%	12.35	12.7	12.0	3.92	3.7	4.2	7.66	7.8	7.5
MVV1 GR EQUITY	MVV ENERGIIE AG	GERMANY	1,351	-5%	-15%	8.04	8.1	8.0	1.13	1.2	1.1	3.94	3.9	4.0
ELE SM EQUITY	ENDESA	SPAIN	18,391	-6%	-3%	7.12	7.0	7.2	2.04	2.0	2.0	1.42	1.4	1.5
EDF FP EQUITY	EDF	FRANCE	19,199	-26%	-56%	2.74	2.7	2.8	0.56	0.6	0.6	2.53	2.4	2.6
AKENR TI EQUITY	AKENERJI ELEKTRI	TURKEY	209	-3%	-9%	9.99	10.5	9.5	0.50	0.5	0.5	8.29	8.7	7.9
EDP PL EQUITY	EDP	PORTUGAL	11,218	-8%	-14%	8.84	8.9	8.7	1.23	1.2	1.2	4.41	4.6	4.3
PPC GA EQUITY	PUBLIC POWER COR	GREECE	677	-25%	-49%	5.33	5.3	5.4	0.11	0.1	0.1	4.67	4.6	4.7
DRX LN EQUITY	DRAX GROUP PLC	BRITAIN	1,373	9%	-28%	9.08	8.7	9.4	0.68	0.7	0.7	0.84	1.1	0.5
EVN AV EQUITY	EVN AG	AUSTRIA	1,774	-6%	-5%	6.28	6.3	6.2	0.72	0.7	0.7	2.55	2.7	2.5
Weighted median & applied multiples				-13%	-25%	6.00			1.23			2.62		

Power supply & distribution	Company name	Country	Mkt Cap	YTD	1 Year	EV/EBITDA			P/BV			Net debt/EBITDA		
						Median 16-17E	16E	17E	Median 16-17E	16E	17E	Median 16-17E	16E	17E
			(in EUR m)	%	%									
EOAN GR EQUITY	E.ON SE	GERMANY	16,166	-10%	-42%	3.63	3.6	3.6	0.86	0.9	0.9	3.94	4.0	3.9
ACE IM EQUITY	ACEA SPA	ITALY	2,896	-4%	12%	6.65	6.8	6.5	1.74	1.8	1.7	2.82	2.8	2.8
IRE IM EQUITY	IREN SPA	ITALY	2,002	5%	25%	6.75	6.8	6.7	1.01	1.0	1.0	3.24	3.4	3.1
ENEL IM EQUITY	ENEL SPA	ITALY	37,012	1%	-7%	6.55	6.6	6.4	1.09	1.1	1.1	2.60	2.6	2.6
RWE GR EQUITY	RWE AG	GERMANY	6,511	-8%	-55%	3.37	3.4	3.3	0.78	0.8	0.8	4.51	4.6	4.4
Weighted median & applied multiples				-3%	-19%	5.51			1.03			3.16		

Gas supply & distribution	Company name	Country	Mkt Cap	YTD	1 Year	EV/EBITDA			P/BV			Net debt/EBITDA		
						Median 16-17E	16E	17E	Median 16-17E	16E	17E	Median 16-17E	16E	17E
			(in EUR m)	%	%									
GAS SM EQUITY	GAS NATURAL SDG	SPAIN	17,922	-5%	-16%	7.13	7.2	7.1	1.18	1.2	1.2	2.91	3.0	2.8
AYGAZ TI EQUITY	AYGAZ AS	TURKEY	1,117	19%	30%	10.49	11.1	9.9	1.26	1.3	1.2	0.66	0.7	0.7
CNA LN EQUITY	CENTRICA PLC	BRITAIN	14,504	3%	-13%	7.47	7.4	7.5	6.14	6.4	5.9	2.05	2.1	2.0
Weighted median & applied multiples				-1%	-13%	7.39			3.33			2.46		

Gas producer	Company name	Country	Mkt Cap	YTD	1 Year	EV/EBITDA			P/BV			Net debt/EBITDA		
						Median 16-17E	16E	17E	Median 16-17E	16E	17E	Median 16-17E	16E	17E
			(in EUR m)	%	%									
SIA LN EQUITY	SOCO INTL PLC	BRITAIN	670	8%	-2%	5.34	6.5	4.2	0.83	0.8	0.8	-1.15	-1.3	-1.0
EC FP EQUITY	TOTAL GABON	GABON	572	-1%	-55%	1.33	1.3	1.3	0.21	0.2	0.2	-0.98	-0.9	-1.1
PMO LN EQUITY	PREMIER OIL PLC	BRITAIN	262	-17%	-71%	3.91	4.6	3.2	0.31	0.3	0.3	3.93	4.7	3.1
ENQ LN Equity	ENQUEST PLC	BRITAIN	204	5%	-47%	3.43	3.7	3.2	0.25	0.2	0.2	3.76	3.9	3.6
SIA LN EQUITY	SOCO INTL PLC	BRITAIN	670	8%	-2%	5.34	6.5	4.2	0.83	0.8	0.8	-1.15	-1.3	-1.0
Weighted median & applied multiples				3%	-26%	4.06			0.57			-0.13		

Source: Fondul Proprietatea, IEBATRUST, Bloomberg

RECOMMENDATION SYSTEM

SSIF IEBA TRUST uses a Relative recommendation system. Such system indicates that each stock is rated on a basis of the excess return, measured by the relative value of the target (calculated) price and the current price, over a 12 months period of time.

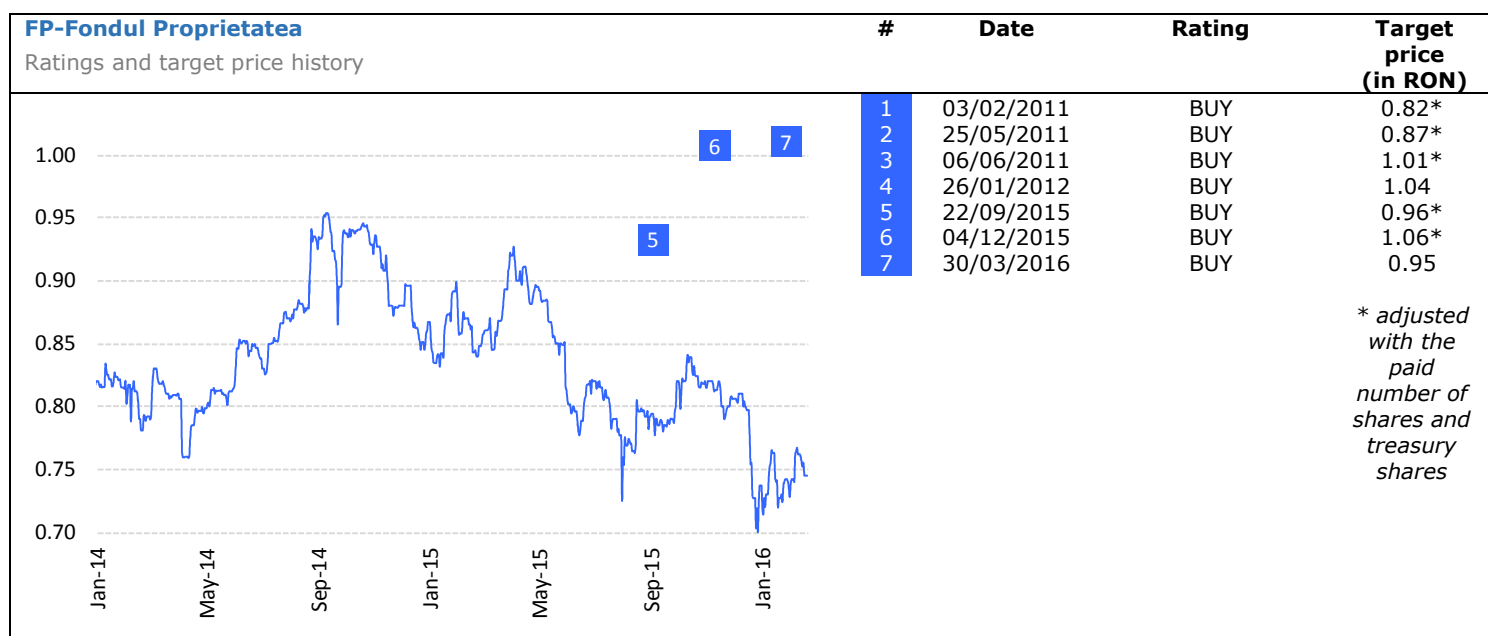
The range of recommendations for each stock consists of 4 elements: Buy (B), Accumulate (A), Hold (H), Reduce (R).

SSIF IEBA TRUST RATINGS

BUY	The stock is expected to generate potential excess return over 15%
ACCUMULATE	The stock is expected to generate potential excess return of 5 to 15%
HOLD	The stock is expected to generate potential excess return of -5% to 5%
REDUCE	The stock is expected to generate potential excess return below -5%

Excess return: Target price/current price – 1

For the cases of Initial Public Offering, the above-mentioned recommendation system is not applied. In such cases, the recommendation is based on the comparison between the price of the Offering, and the fair value estimated by SSIF IEBA TRUST.



Measures Definitions

IEBA Net Income	Adjusted Net Income for one-off items	
Net Cash Flow from operations	EBITDA (+/-) other provisions (+/-)(Increase)/Decrease in Working Capital	
FCF Equity	Net Cash Flow from operations (-) CAPEX	
Net debt	Total short-term and long-term bank debt (-) cash	
EV	Market Cap (avg historic or current) + book value of minorities + Net debt	
FCFPS	FCF Equity	Diluted no of shares
EPS (or IEBA)	Reported (or IEBA) Net Income	Diluted no of shares
BVPS	Total Equity	Year end no of shares
P/E (or IEBA)	Share Price (avg historic or current)	Reported (or IEBA) EPS
P/E IEBA at 52wks High	52 weeks High price (avg historic or current)	IEBA EPS / Diluted IEBA Earnings Per Share
P/BV	Share Price (avg historic or current)	BVPS
ROE	Reported Net Income	Average Total Equity
ROCE	Reported Net Income	Average (Total debt + Total Equity)
EV/EBITDA	EV (with avg historic or current)	Reported EBITDA
EV/EBITDA (x) at 52wks High	EV using 52 weeks High market cap (avg historic or current)	Reported EBITDA
EBITDA/Net financials	Reported EBITDA	Net financials: Net interest (+/-) Net financials
EV/CE (x)	EV (with avg historic or current)	CE: Total bank debt + Total Equity
FCF Yield	FCFPS	Share Price (avg historic or current)
Dividend Yield	DPS	Share Price (avg historic or current)
Dividend Payout	Dividend	Reported Net Income

DISCLAIMER

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in Romania or any other jurisdiction where such distribution, publication, availability or use would be contrary to a law or regulation or which would subject SSIF IEBA TRUST. All material presented in this report, unless specifically indicated otherwise, is under copyright to SSIF IEBA TRUST SA. None of the material, or its content, or any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the express written permission of SSIF IEBA TRUST SA. All trademarks, service marks, and logos used in this report are trademarks or service marks or registered trademarks of SSIF IEBA TRUST SA.

The information, tools, and materials presented in this report are provided to you for information purposes only and are not to be used or considered as an offer, the solicitation of an offer or suggestion to act upon the information presented, nor as grounds for an investment decision. Any other information not included in this material shall be provided to the beneficiary solely upon his request. SSIF IEBA TRUST SA will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you, and it is recommended that you consult an investment advisor or lawyer if you are in doubt about such investments or services. Nothing in this report constitutes investment, service, legal, accounting, or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. SSIF IEBA TRUST SA does not advise on the tax consequences of investments or services, and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change.

Information and opinions presented in this report have been obtained or derived from sources believed by SSIF IEBA TRUST SA to be reliable, but SSIF IEBA TRUST SA makes no representation as to their accuracy or completeness. The information, opinions and estimations presented in this material reflect the situation at the time of their drafting and can be changed without previous notice. SSIF IEBA TRUST SA accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to SSIF IEBA TRUST SA. The report was drafted without taking into consideration the financial situation and investment objectives of the beneficiary and is not meant to influence in any and all ways his/her investing decisions. The opinions and proposals presented within the material may be unsuitable to the beneficiary, depending upon the objectives, risk tolerance and financial situation of the beneficiary. This report is not to be relied upon in substitution for the exercise of independent judgment. SSIF IEBA TRUST SA may have issued, or may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views, and analytical methods of the analysts who prepared them, and SSIF IEBA TRUST SA is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. SSIF IEBA TRUST SA holds no obligation in updating the material.

SSIF IEBA TRUST SA may, to the extent permitted by law, act upon or use the information or opinions presented herein, or the research or analysis on which they are based, before the material is published. Additional information is, subject to duties of confidentiality, available upon request. Some investments or services referred to in this report will be offered solely by a single entity and in the case of some investments or services, solely by SSIF IEBA TRUST SA or its affiliates. SSIF IEBA TRUST SA may as well participate, invest, effect trades or other operations with the issuers whose securities are the subject of the material.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Certain investments discussed in this report may have a high degree of volatility and may experience sudden and large falls in their value, causing losses when that investment is realized. Income yields from investments may fluctuate as well due to variation of the interest rate, foreign exchange rate, changes in the financials or operational circumstances of the companies and due to other microeconomic or macroeconomic factors. Information, opinions, and estimates contained in this report reflect a judgment at its original date of publication by SSIF IEBA TRUST and are subject to change without notice.

This report may provide the addresses of, or contain hyperlinks to websites. Except to the extent to which the report refers to SSIF IEBA TRUST SA own website material, SSIF IEBA TRUST SA has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to SSIF IEBA TRUST's own website material) is provided solely for your convenience and information, and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or SSIF IEBA TRUST's website shall be at your own risk.

Important company disclosures

The following designations (a-e) next to a company covered in this publication highlight that one or more members of SSIF IEBA Trust:

- a) own more than 5% of the share capital of the company (as at the end of the month preceding this publication);
- b) managed or co-managed a public offering of the securities of the company in the last 12 months;
- c) has received compensation for financial investment services from the company within the last 12 months;
- d) is a market maker or stabilizing manager of the company's securities;
- e) has one or more members in the board of directors or supervisory board of the company

Analyst Certification

The analysts that have written this report certify that the views about the companies and securities contained in this report accurately reflect their personal views and that no part of their compensation was or will be directly or indirectly related to the specific recommendations or views in this report.

RESEARCH

research@iebatrust.ro

Ana-Maria Andrus
ana.andrus@iebatrust.ro

SALES & TRADING

Head of Sales

Tudor Cernica
tudor.cernica@iebatrust.ro

Senior Trader

Florin Popescu
florin.popescu@iebatrust.ro

Development Manager

Serban Marin
serban.marin@iebatrust.ro

Head of Corporate

Catalin Nae
catalin.nae@iebatrust.ro

General Manager

George Nistor
george.nistor@iebatrust.ro

SSIF IEBA TRUST

5-7, Dimitrie Pompei Bvd, 5th floor,
Body C, District 2, Bucharest 020335,
Romania

Tel. : +4021 313 0102
Fax : +4021 313 1595