

CMS and Pedersen & Partners talk about the future of private equity in Romania

February 24th, 2014 – Bucharest, Romania – International law firm CMS, in cooperation with international Executive Search firm Pedersen & Partners, hosted a ‘Private Equity Breakfast’ last week. The event brought together some of the key players in the world of private equity from Romania and beyond, and included a panel discussion on various hot issues relevant to private equity in Romania.

The panel discussed the outlook for private equity in Romania, competitive deal sizes, high opportunity sectors, co-investment opportunities, availability of financing and preparing for an Exit, as well as challenges in negotiating the acquisition of privately-held entrepreneurial businesses and managing portfolio companies.

There was general agreement that while Romania is still in a moderate growth phase compared to other parts of Europe, it has the potential to become an exciting growth market for private equity investors in the medium term. Participants agreed too that while there were opportunities across the board, the high opportunity sectors in Romania are agriculture, technology, energy and financial services. In terms of the most competitive deal size, there was a general consensus that the “sweet spots” for investors, whether new or seasoned, were between EUR10-30 million and EUR30-50 million, depending on the Fund, though larger deals (EUR50 million +) were harder to find, but of interest to various Funds.

When asked about the qualities a potential private equity investor is looking for when considering a potential investment, the panel concluded the three key elements are market share, growth potential and the quality of the management. To conclude the event the panel were asked their opinion on the prognosis for private equity in the coming years. While the responses varied, there was general consensus that there would be a marked improvement for private equity in Romania between where we are now (and the next year or so) and in the coming five years. When the talk turned to concrete numbers, the replies remained optimistic, with estimates of investments ranking between 1 and 3 billion Euro.

Horea Popescu, CMS Corporate partner and Co-Head of Private Equity in Romania states:

‘We see potential for significant increased growth in the years ahead and believe that Romania could become an attractive deal location in the near future. Today’s panel discussion is testament to the fact that there are both interest and opportunities out there. We look forward to seeing how things develop in the medium term’.

David Butts, CMS Corporate partner and Co-Head of International Private Equity adds:

‘Central and Eastern Europe (CEE) as a whole remains attractive given the diversification benefits in these countries. Funds are attracted by the competitive advantage that can be gained by having their portfolio companies sell products and services into Western Europe, while utilising the lower cost base that exists in certain CEE jurisdictions, such as Romania. With the right ingredients in place – that is macroeconomic stability, good planning and strategy – Romania’s attractiveness for private equity investments will continue to develop’.



Mona Neagoe, Partner and Country Manager for Romania at Pedersen & Partners adds:

"We look forward to seeing the opportunities that exist in Romania turn into deals and we hope that this event and others like it will help increase awareness of the money available and will stimulate current business owners to pursue their ambitions to grow market share or to expand regionally by raising capital from private equity. Pedersen & Partners have a strong track record in helping fund managers form the right management teams for portfolio companies and it always gives us a great deal of satisfaction when those teams eventually go through a successful exit. "

Gabriel Sidere, CMS Managing Partner in Romania concludes:

"With 15 years of on-the-ground experience in Romania and impressive track record representing key players in the private equity space across the region, CMS is a leading law firm in the private equity industry ensuring the best possible advice to our clients as they navigate the changing regulatory waters and investment opportunities in Romania. The sheer volume of participation of very experienced private equity investors in this event is a good barometer of the return potential that the investment community sees in the future of private equity in Romania and investment opportunities of 2014. Our thanks to the panel members, who ensured a very captivating and lively debate".

Panelists for the Private Equity Breakfast were: Claudiu Corcodel (Mezzanine Management Romania), Dan Farcasanu (Resource Partners), Matei Filipidescu (BCR), Rob Kendall (Amromco Energy, a portfolio company of First Reserve), Ovidiu Morariu (EBRD), Matei Paun (BAC Romania), Valeri Petrov (Dumagas, a portfolio company of Bancroft) and Doina Popescu (PineBridge Investments).

CMS

CMS Romania is a member of CMS, which provides clients with specialist, business-focused advice in law and tax matters. With our 2800 legal professionals across the world, working in sector-based teams and expert in project management, our focus is on our clients and fulfilling their objectives.

CMS is a full-service top 10 global law firm, based on the number of lawyers (Am Law 2012 Global 100). With 56 offices in 31 countries across the world, revenues totaled EUR 838m in 2012.

CMS acts for the majority of the DAX 30, a large number of the FT European 500 and a number of Fortune 500 companies. CMS provides a wide range of expertise across 17 expert practice and sector areas including Banking and Finance, Commercial, Competition, Corporate, Dispute Resolution, Employment, Energy, Intellectual Property, Life Sciences / Pharmaceuticals, Real Estate & Construction, Tax and TMT.

For more information, please visit www.cmslegal.com.

CMS locations: In Europe: Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, France, Germany, Hungary, Italy, Luxembourg, The Netherlands, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Switzerland, Turkey, Ukraine and United Kingdom / Outside Europe: Algeria, Brazil, China, Mexico, Morocco and United Arab Emirates.

Pedersen & Partners

Pedersen & Partners is a leading international Executive Search firm. We operate 50 wholly owned offices in 47 countries: 33 offices in Europe & CIS, 7 offices in the Middle East & Africa, 10 offices in Asia and the Americas. Our values Trust, Relationship and Professionalism apply to our interaction with clients as well as executives. More information about Pedersen & Partners is available at www.pedersenandpartners.com