



RESTRUCTURING ISSUES IN ROMANIA

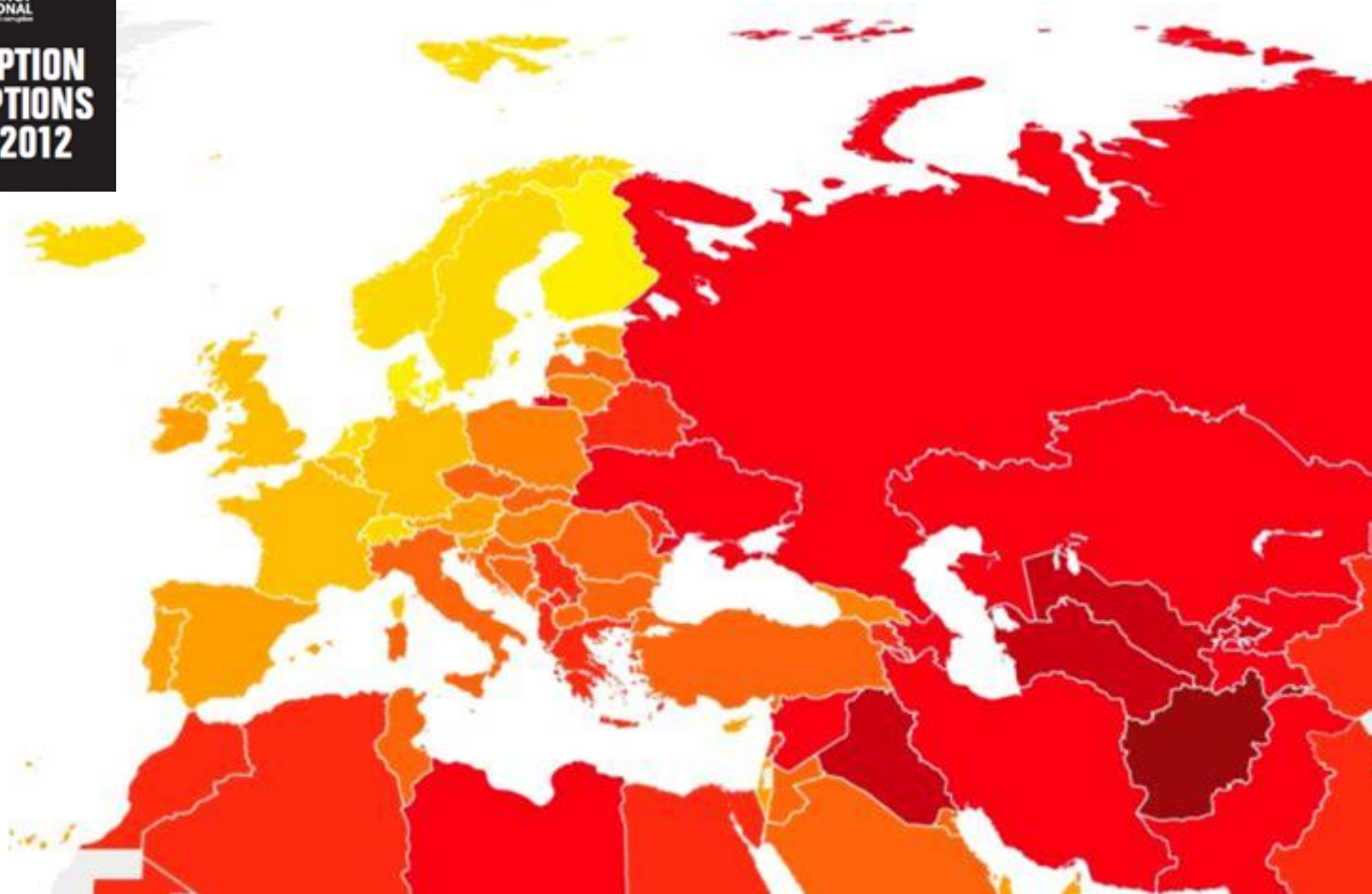
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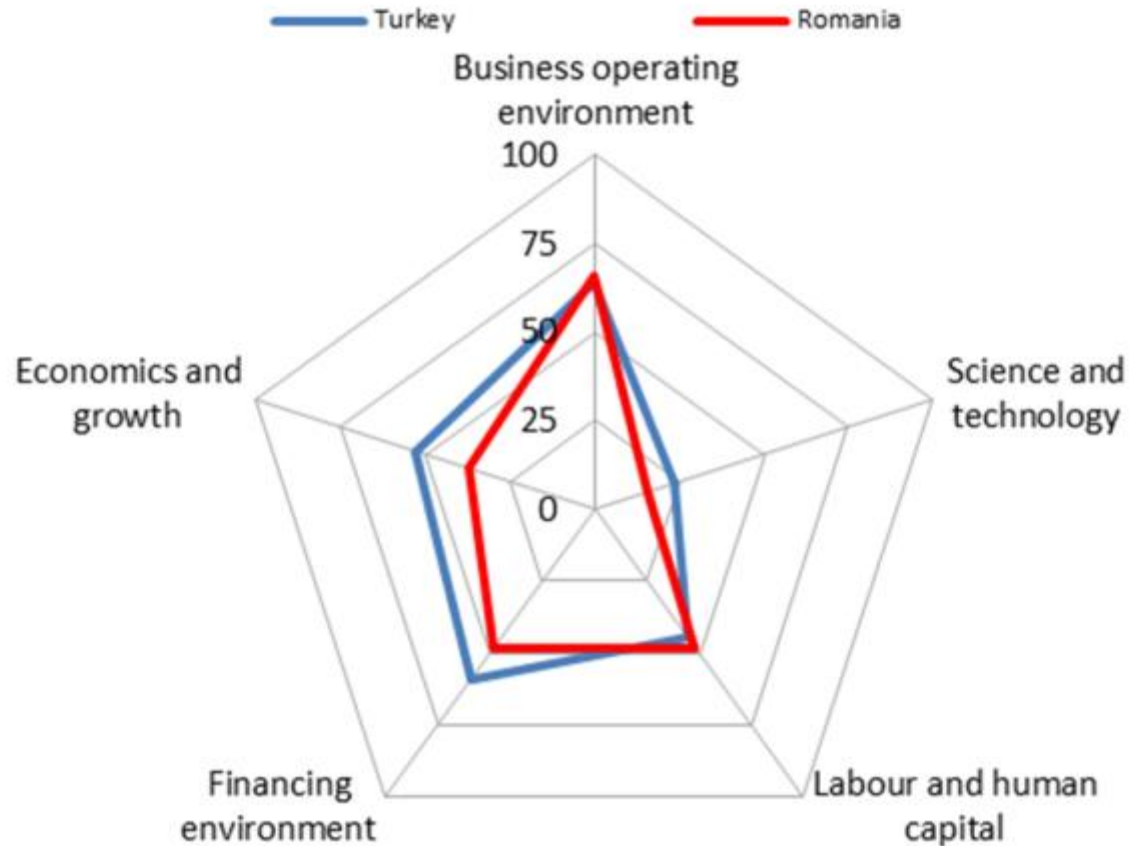
Content

- Corruption
- Doing Business indicators
- Improving public and private enterprise
- The view from PE houses
- New money and new (interim) management

Key "negative" issue for investors



GDI Turkey (39) v Romania (55)



EBRD Transition Report 2013



- Romania exited the EC excessive deficit process (below 3% of GDP)
- Limited progress with privatisation
- Good reforms in financial sector stability
- More anti-corruption and judicial reforms needed
- Renewable sector investors need more predictability
- Efforts needed to address high levels of NPLs (20%)

Non Performing Loans: Vienna 2.0

Commercial banks

- speedy workouts and participation in NPL resolution
- Adequate provisioning, value of collateral, assess options

Host Country Regulators

- Tight bank supervision, provisioning and capitalisation
- Remove regulatory obstacles (e.g. debt for equity conversions)

Host Country Governments

- Strengthen debt enforcement AND consumer protection
- Institutional capacity of the justice system
- Remove tax impediments and avoid direct intervention



Views from Private Equity

- Lack of dealflow, lack of success stories
- Denial by both borrowers and lenders
- Appetite is there – dry powder
- Is real estate back on the agenda?
- Global and regional growth?
- Lack of local turnaround management experience

Interim executive management

- Can be used to conduct a fast independent business review (“IBR”)
- Used after an IBR to design and implement turnaround and restructuring strategy
- Could be a Chairman, CEO, CFO, Chief Restructuring Officer or Chief Operating Officer
- Executive power gives authority to implement
- Hybrid solutions include “peer” executive to coach existing team and/or local inputs
- Sector and situation experience essential



Questions?

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