

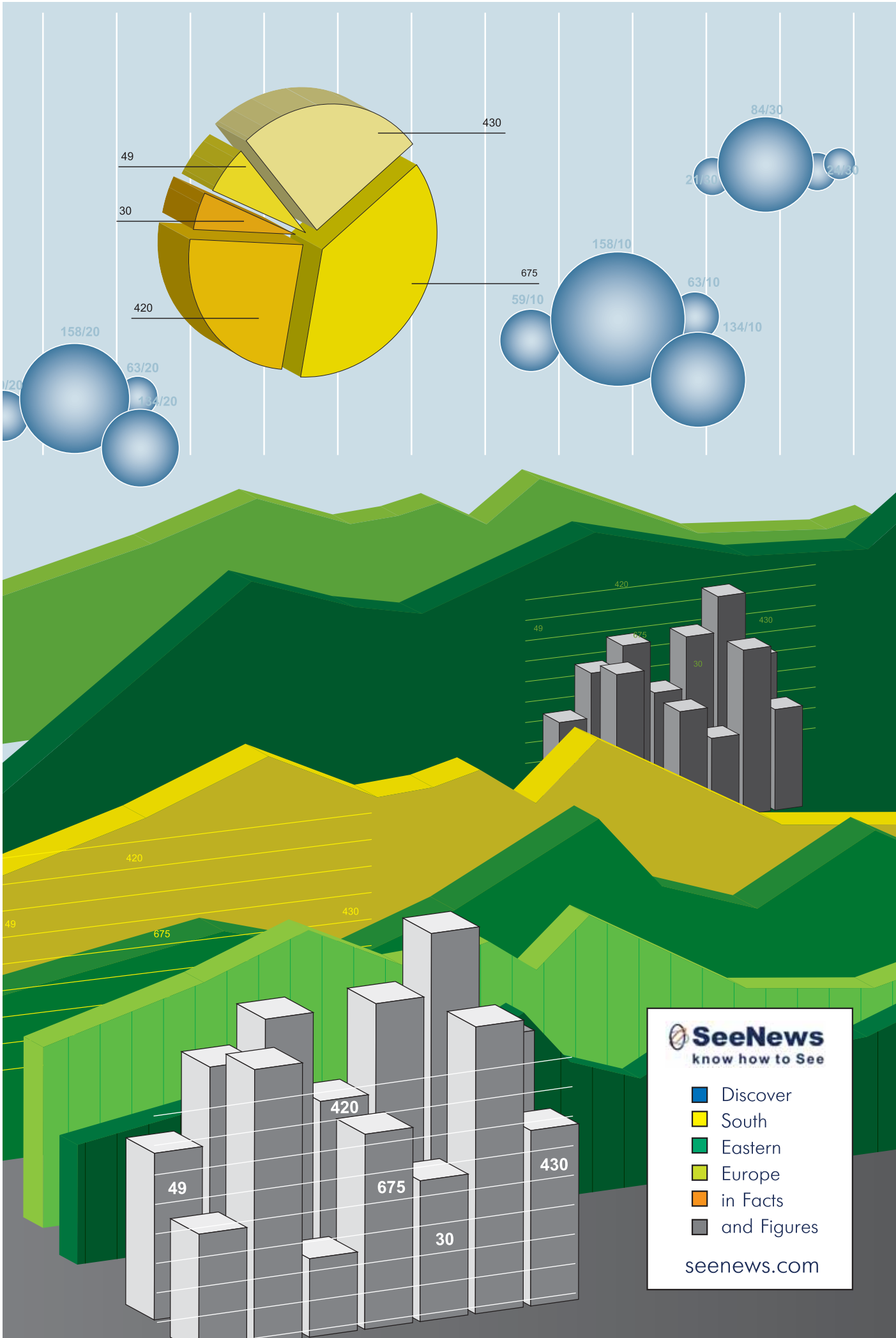
# SEE SOUTH EAST EUROPE TOP 100

Edition 2009



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 **SeeNews**  
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strategic consultant  
**Roland Berger**  
Strategy Consultants



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## Dear readers,

For a second year running SeeNews has taken up the challenge to publish SEE TOP 100 - the ultimate ranking of the largest companies in Southeastern Europe (SEE) in terms of total revenue.

SEE TOP 100 is a comprehensive in-depth guide to the emerging economies in SEE, one of the world's fastest growing regions which traditionally lures foreign investors with high yields, skilled labour force and low production costs.

In this year's edition of SEE TOP 100 we ranked all companies by total revenue for the fiscal year ended December 31, 2008 instead of ranking them by net sales revenue, as we did in the first edition of the ranking. This change reflects our assumption that total revenue is a more accurate gauge of the size of any business because apart from sales revenue it comprises financial and other income, which is often an essential part of the income generated. Due to this change in methodology, we have avoided making direct comparisons with last year's ranking because the figures are not fully comparable.

Apart from the flagship ranking of the largest non-financial companies by total revenue, SEE TOP 100 features sub-rankings of the fastest growers and the most profitable companies, as well as of those SEE businesses that ended 2008 with a loss. The edition also includes a ranking of the biggest companies by revenue per capita and a separate ranking of the top 50 banks in SEE in terms of total assets.

In SEE TOP 100 you will also find a breakdown of the major industries in the region in terms of cumulative revenue, together with in-depth industry analyses and expert opinions, accompanied by political and economic overviews of all countries in the region.

This volume offers an insight into successful management practices provided by our partners A.T. Kearney and a survey of the best employers in SEE by Hewitt.

We have a special section dedicated to companies which add to the colour of the region, as well as a chapter dedicated to the IPOs market in SEE.

All over the book, you will find interviews with top corporate officials and heads of foreign investment agencies, highlighting the most important events that took place in 2008 and providing forecasts for the years to come.

Set up in 2004 with the aim of providing international investors with an information gateway to a region where independent corporate news is often hard to come by, SeeNews now introduces its second annual edition of SEE TOP 100 to give a detailed picture of investment opportunities and challenges of Southeastern Europe.

The success of the SEE TOP 100 project would have been impossible without the support and highly valued advice of our strategic partner Roland Berger, Croatia. We would also like to thank our people management consultants Hewitt and our management consultants Partner A.T. Kearney.

*Branimir Kondov, Denitsa Koseva, Kiril Girginov*

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## SEE TOP 100

SEE TOP 100 Companies					(in millions of euro)			
Ranking	Company Name	Country	Industry	Total Revenue 2008	Total Revenue 2007	Net Profit/ Loss 2008	Net Profit/ Loss 2007	
1	Petrom SA	Romania	Petroleum/Natural Gas	4,850.79	3,596.27	256.55	492.51	
2	INA d.d.	Croatia	Petroleum/Natural Gas	3,651.56	3,279.35	-142.23	163.88	
3	Lukoil Neftochim Burgas AD	Bulgaria	Petroleum/Natural Gas	3,646.97	2,956.98	-242.05	52.93	
4	Naftna Industrija Srbije AD*	Serbia	Petroleum/Natural Gas	3,429.74	3,188.05	-45.16	66.34	
5	Petrol d.d.	Slovenia	Petroleum/Natural Gas	2,721.40	1,992.09	-64.43	45.82	
6	Lukoil-Bulgaria EOOD	Bulgaria	Petroleum/Natural Gas	2,465.32	1,861.07	0.841	16.55	
7	Rompetrol Rafinare SA	Romania	Petroleum/Natural Gas	2,365.13	1,662.65	-116.69	-87.07	
8	Arcelormittal Galati SA	Romania	Metals	2,234.03	2,117.22	151.78	89.96	
9	Automobile Dacia SA	Romania	Automobiles	2,108.52	1,996.45	55.71	122.53	
10	Poslovni Sistem Mercator d.d.	Slovenia	Wholesale/Retail	1,839.24	1,736.63	32.14	35.42	
11	JP Elektroprivreda Srbije	Serbia	Electricity	1,760.87	1,691.53	-26.96	-36.91	
12	Konzum d.d.	Croatia	Wholesale/Retail	1,741.78	1,485.96	59.19	40.65	
13	Hrvatska Elektroprivreda d.d.	Croatia	Electricity	1,557.60	1,403.51	-1.78	61.68	
14	Delta M DOO	Serbia	Diversified Holdings	1,556.56	1,263.69	16.17	57.92	
15	Natsionalna Elektrieska Kompania EAD	Bulgaria	Electricity	1,521.43	1,275.46	23.95	21.21	
16	Metro Cash and Carry SRL*	Romania	Wholesale/Retail	1,490.00	1,590.00	N/A	N/A	
17	Rompetrol Downstream SRL	Romania	Petroleum/Natural Gas	1,416.42	1,137.55	-53.25	-3.93	
18	Aurubis Bulgaria AD	Bulgaria	Metals	1,308.50	1,128.27	-86.44	26.76	
19	Petrotel Lukoil SA	Romania	Petroleum/Natural Gas	1,280.82	1,038.31	-134.65	-25.92	
20	Revoz d.d.	Slovenia	Automobiles	1,221.50	1,261.13	18.74	28.56	
21	Orange Romania SA	Romania	Telecommunications	1,216.09	1,151.82	404.44	337.60	
22	Lukoil Romania SRL	Romania	Petroleum/Natural Gas	1,160.96	1,138.63	2.59	14.71	
23	Vodafone Romania SA	Romania	Telecommunications	1,154.08	1,112.09	283.19	244.19	
24	GDF SUEZ Energy Romania SA	Romania	Electricity	997.24	934.24	32.26	50.51	
25	Romgaz SA	Romania	Petroleum/Natural Gas	979.50	1,018.82	134.82	141.14	
26	Carrefour Romania SA	Romania	Wholesale/Retail	972.82	738.69	18.59	22.82	
27	U.S. Steel Serbia DOO*	Serbia	Metals	967.06	907.05	4.91	28.16	
28	Porsche Romania SRL	Romania	Automobiles	948.47	944.42	66.23	84.93	
29	Telekom Srbija AD*	Serbia	Telecommunications	939.81	932.60	62.65	146.06	
30	HT - Hrvatske Telekomunikacije d.d.	Croatia	Telecommunications	920.88	957.05	327.92	377.27	
31	British American Tobacco (Romania) Trading SRL	Romania	Food/Drinks/Tobacco	915.90	765.37	91.69	64.00	
32	OMV Slovenija d.o.o.	Slovenia	Petroleum/Natural Gas	913.03	509.19	13.34	11.84	
33	Merkur d.d.	Slovenia	Electronics	891.81	953.72	26.47	30.61	
34	Selgros Cash& Carry SRL	Romania	Wholesale/Retail	871.19	812.71	36.08	33.58	
35	Holding Slovenske Elektrarne d.o.o.	Slovenia	Electricity	856.65	943.96	53.76	12.41	
36	Romtelecom SA	Romania	Telecommunications	846.05	838.02	0.992	21.41	
37	Krka d.d.	Slovenia	Pharmaceuticals	833.57	723.35	161.13	126.52	
38	OMV Bulgaria OOD	Bulgaria	Petroleum/Natural Gas	805.63	574.27	4.30	8.10	
39	Gorenje d.d.	Slovenia	Electronics	802.32	861.05	11.97	13.21	
40	E.ON Gaz Romania SA	Romania	Electricity	782.85	349.05	10.96	20.71	
41	C.N.T.E.E. Transelectrica SA	Romania	Electricity	752.31	659.49	10.52	14.42	
42	Bulgargaz Holding EAD	Bulgaria	Petroleum/Natural Gas	732.73	569.11	-46.29	44.48	
43	Lek d.d.	Slovenia	Pharmaceuticals	729.19	772.50	67.43	79.79	
44	Kaufland Romania SC	Romania	Wholesale/Retail	726.98	598.49	3.44	14.57	
45	Electrica SA	Romania	Electricity	713.51	232.39	306.14	0.271	
46	real,- Hypermarket Romania SRL	Romania	Wholesale/Retail	689.06	385.25	-51.18	-43.86	
47	JP Srbijagas*	Serbia	Petroleum/Natural Gas	688.07	632.12	3.40	10.88	
48	Mobiltel AD	Bulgaria	Telecommunications	678.53	643.39	166.36	159.14	
49	Engrotus d.d.	Slovenia	Wholesale/Retail	673.93	599.57	8.07	18.34	
50	Hidroelectrica SA	Romania	Electricity	669.10	590.09	16.34	14.56	

## SEE TOP 100

SEE TOP 100 Companies				(in millions of euro)			
Ranking	Company Name	Country	Industry	Total Revenue 2008	Total Revenue 2007	Net Profit/ Loss 2008	Net Profit/ Loss 2007
51	CNADNR SA	Romania	Construction	659.51	498.63	12.17	0.862
52	Okta AD	Macedonia	Petroleum/Natural Gas	646.89	492.91	-22.42	16.14
53	T-Mobile Hrvatska d.o.o.	Croatia	Telecommunications	641.48	598.20	214.12	181.86
54	CFR - Calatori SA	Romania	Transportation	629.75	618.86	-65.26	-37.37
55	Naftex Petrol EOOD	Bulgaria	Petroleum/Natural Gas	626.66	348.74	105.51	-4.95
56	Alro SA	Romania	Metals	614.92	626.85	62.04	120.84
57	Salbating International d.o.o.	Slovenia	Petroleum/Natural Gas	610.44	58.87	1.98	1.35
58	Zagrebacki Holding d.o.o.	Croatia	Diversified Holdings	606.41	587.90	19.95	4.22
59	YugoRosGaz AD*	Serbia	Petroleum/Natural Gas	583.02	414.81	23.50	13.67
60	Stomana Industry AD	Bulgaria	Metals	577.21	448.18	48.94	46.88
61	Electrocentrale Bucuresti SA	Romania	Electricity	576.75	678.63	-86.71	-26.37
62	OMV Hrvatska d.o.o.	Croatia	Petroleum/Natural Gas	574.80	453.01	-8.07	9.18
63	OMV Romania Mineraloel SRL	Romania	Petroleum/Natural Gas	573.30	469.07	15.24	15.14
64	Philip Morris Romania SRL	Romania	Food/Drinks/Tobacco	568.35	501.82	25.83	22.20
65	Overgas Inc. AD	Bulgaria	Petroleum/Natural Gas	561.51	341.36	5.70	10.35
66	Coca-Cola HBC Romania SRL	Romania	Food/Drinks/Tobacco	560.43	506.06	61.16	56.84
67	MOL Romania Petroleum Products SRL	Romania	Petroleum/Natural Gas	555.00	499.32	10.79	16.76
68	CEZ Elektro Bulgaria AD	Bulgaria	Electricity	550.56	465.53	7.36	7.26
69	Interagro SA	Romania	Diversified Holdings	537.43	459.63	14.89	7.99
70	SCT d.d.	Slovenia	Construction	534.09	469.67	7.18	1.64
71	VIPNet d.o.o.	Croatia	Telecommunications	528.02	517.62	130.86	138.33
72	HEP-proizvodnja d.o.o.	Croatia	Electricity	527.48	488.72	3.37	-15.03
73	Moldovagaz SA	Moldova	Petroleum/Natural Gas	523.15	453.37	25.95	38.06
74	IMPOL d.o.o.	Slovenia	Metals	522.79	495.20	5.50	4.49
75	Oltchim SA	Romania	Chemicals	504.84	542.63	-58.72	-26.56
76	Bulgarian Telecommunications Company AD	Bulgaria	Telecommunications	504.48	502.34	16.39	61.49
77	Mediplus Exim SRL	Romania	Wholesale/Retail	495.21	432.39	2.85	6.53
78	Telekom Slovenije d.d.	Slovenia	Telecommunications	493.82	451.94	95.97	84.67
79	Petrol AD	Bulgaria	Petroleum/Natural Gas	487.20	405.38	103.90	-11.80
80	HEP-Operator Distribucijskog Sustava d.o.o.	Croatia	Electricity	479.22	423.43	18.10	-13.41
81	Renault Industrie Roumanie SRL	Romania	Automobiles	472.86	506.06	-0.016	0.604
82	Daewoo-Mangalia Heavy Industries SA	Romania	Transportation	470.45	401.77	-107.97	-20.12
83	JP Elektroprivreda BiH d.d.	B. and H.	Electricity	463.74	391.27	23.64	11.69
84	Cosmo Bulgaria Mobile EAD	Bulgaria	Telecommunications	460.06	412.10	53.17	73.42
85	RCS & RDS SA	Romania	Telecommunications	457.61	420.15	-21.17	17.11
86	Arabesque SRL	Romania	Wholesale/Retail	457.12	387.12	-1.56	7.60
87	Complexul Energetic Turceni SA	Romania	Electricity	455.07	412.14	5.01	21.70
88	Mobitel d.d.	Slovenia	Telecommunications	454.94	438.53	58.95	50.60
89	Enel Distributie Muntenia SA	Romania	Electricity	449.20	492.22	55.36	12.07
90	CFR - Marfa SA	Romania	Transportation	446.13	525.06	-42.52	1.31
91	Acroni d.o.o.	Slovenia	Metals	445.24	469.91	20.81	32.43
92	Lukoil - Beopetrol AD*	Serbia	Petroleum/Natural Gas	439.08	430.31	-30.78	-27.86
93	Agrokor-Trgovina d.d.	Croatia	Wholesale/Retail	434.67	298.09	7.99	5.17
94	AETs Kozloduy EAD	Bulgaria	Electricity	427.22	324.24	35.85	1.77
95	K and K Electronics OOD	Bulgaria	Wholesale/Retail	423.95	379.27	18.34	13.48
96	CFR SA	Romania	Transportation	419.22	404.15	-196.29	-92.64
97	Slovenske Zeleznice d.o.o.	Slovenia	Transportation	415.32	296.42	1.28	24.96
98	Geoplin d.o.o.	Slovenia	Electricity	414.59	337.34	30.91	17.39
99	ASA Group	B. and H.	Diversified Holdings	408.17	359.43	N/A	N/A
100	J.T. International (Romania) SRL	Romania	Food/Drinks/Tobacco	405.38	361.60	12.18	10.60

(\*) denotes net sales revenue

# SEE TOP 100

## Oil and Gas Companies Lead Southeast Europe TOP 100 Ranking

Dr. Vladimir Preveden, Managing Partner of the Zagreb office of Roland Berger Strategy Consultants  
Raina Lazarova, Director SeeNews



Which was the largest company in SEE in terms of total revenue in 2008?

Which were the dominant sectors in SEE?

Which countries generated most of the region's wealth?

What has been the impact of the global economic downturn on the SEE economies?

If you fail to find answers to all these questions below, please read further into this volume to find out all you need to know about SEE.

### MACROECONOMIC FRAMEWORK

Capital markets around the globe plunged to all-time lows last year, bringing the value of traditionally high-yielding stocks

governments came to rescue with bailout packages worth billions of euro. Crude oil and natural gas prices sky-rocketed in the first half of the year and plummeted on dwindling consumption in the second half. Global economy will never be the same again after 2008, analysts say.

Although the emerging markets of Southeastern Europe (SEE) were somewhat spared the adverse effects of the financial and economic crisis compared to the world's leading economies, the region could not escape its bite. Stock markets in SEE saw most of their value evaporating in 2008:

**Twenty-three companies in SEE had total revenues exceeding 1 billion euro each in 2008**

in the region, which are mostly owned by Western European peers, tightened their lending policies in response to the economic downturn in 2008, dampening the real estate market that used to be the engine behind the robust growth of the SEE economies in the previous few years.

The smaller size of the SEE economies, however, helped them evade the large-scale failures and subsequent bailouts witnessed in the world's leading economies.

The SEE countries, most of which are net energy importers, were severely hit by the sharp rise in global prices of oil, gas and metals and the ensuing drop in consumption.

Despite the global economic woes, companies in SEE did pretty well in terms of financial performance in 2008 compared to their Western European and U.S. peers. This was due partly to the delayed arrival of the financial crisis to the region, and partly to the region's generally much lower exposure to the global turmoil.

### LOOKING AT THE NUMBERS

The combined total revenues of the companies ranked in the SEE TOP 100 reached a good 95.7 billion euro in 2008. According to SEE news figures from last and this year, it is up 36.8% up from the previous year. Twenty-three of the 100 companies surveyed had total revenues of more than one billion euro each, while the company occupying the last position in the ranking had a respectable total revenue of 405 million euro.

Romania's oil and gas group Petrom SA, majority-owned by Austria's OMV, was the

### MAP OF SEE TOP 100 COMPANIES



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close to zero, which resulted in record losses for investors. Investor confidence slumped and consumer confidence followed suit. Real estate prices plummeted. Some of the world's biggest banks went bankrupt and

the bourses in Ljubljana and Zagreb lost two-thirds of their market capitalisation, the Bucharest Stock Exchange lost 70%, while the slump was even deeper in Belgrade (76%) and Sofia (80%). Banks

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# SEE TOP 100

biggest company in SEE in 2008 with total revenues of 4.85 billion euro, followed by its Croatian peer INA d.d. with 3.65 billion euro.

It comes as no surprise that the seven biggest companies in SEE in terms of total revenue were operating in the oil and gas industry in 2008. Their revenues were fueled by the surge in global oil prices,

sector in 2008 was telecommunications with a return on revenues of around 19%, followed by the pharmaceuticals sector with 14.6%. This is no surprise as both sectors are characterised by huge initial investments for start-up and research and development (R&D), while variable costs are much lower once the company is up and running. Chemical industry was the least

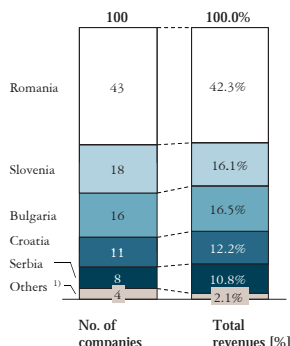
number of companies each country has in the SEE TOP 100 ranking, we see that the region's largest economy in terms of population and GDP, Romania, expectedly leads with 43 representatives in the SEE TOP 100.

Slovenia, which is among the smallest countries in SEE with a population of just over two million, ranked second with 18 companies, followed by Bulgaria with 16, Croatia with 11 and Serbia with eight representatives.

Together, Macedonia, Bosnia and Herzegovina and Moldova have four companies in the ranking, trailing well behind the other countries in the region. Montenegro and Albania have no companies included in the ranking due to the small size of their economies and the lack of reliable corporate financial information.

Croatian companies were the most profitable ones in SEE last year with a profit margin of 5.4%. Romanian and Slovenian companies achieved profit margins of 4.0% and 3.6%, respectively, while Bulgarian enterprises showed a profitability of just 0.6%.

SEE TOP 100 – Segmentation by country

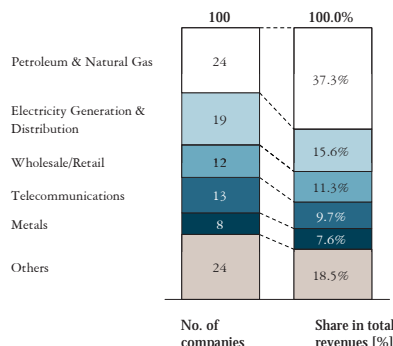


1) BiH, Macedonia, Moldova

which hit an all-time high of \$147 a barrel on July 3, 2008.

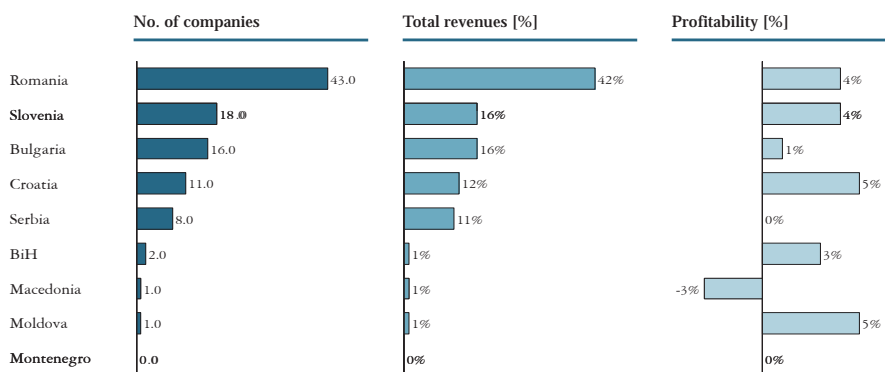
The oil and gas sector was the biggest industry in the region last year with a share of around 39% of total revenues generated by the 100 companies surveyed. However, the sector was the third least profitable, with a net loss equivalent to 0.5% of total revenues due to the slump in oil prices in the second half of 2008. The second biggest industry in SEE TOP 100 was electricity generation and distribution with a 15% share of total revenues in the ranking. Wholesale and retail was the third largest sector with a share of 11%, followed closely by telecommunications with 10% and metals with 7%. The most profitable

SEE TOP 100 – Segmentation by industry



profitable sector in SEE, with profitability of minus 11.6% in 2008. Looking at the

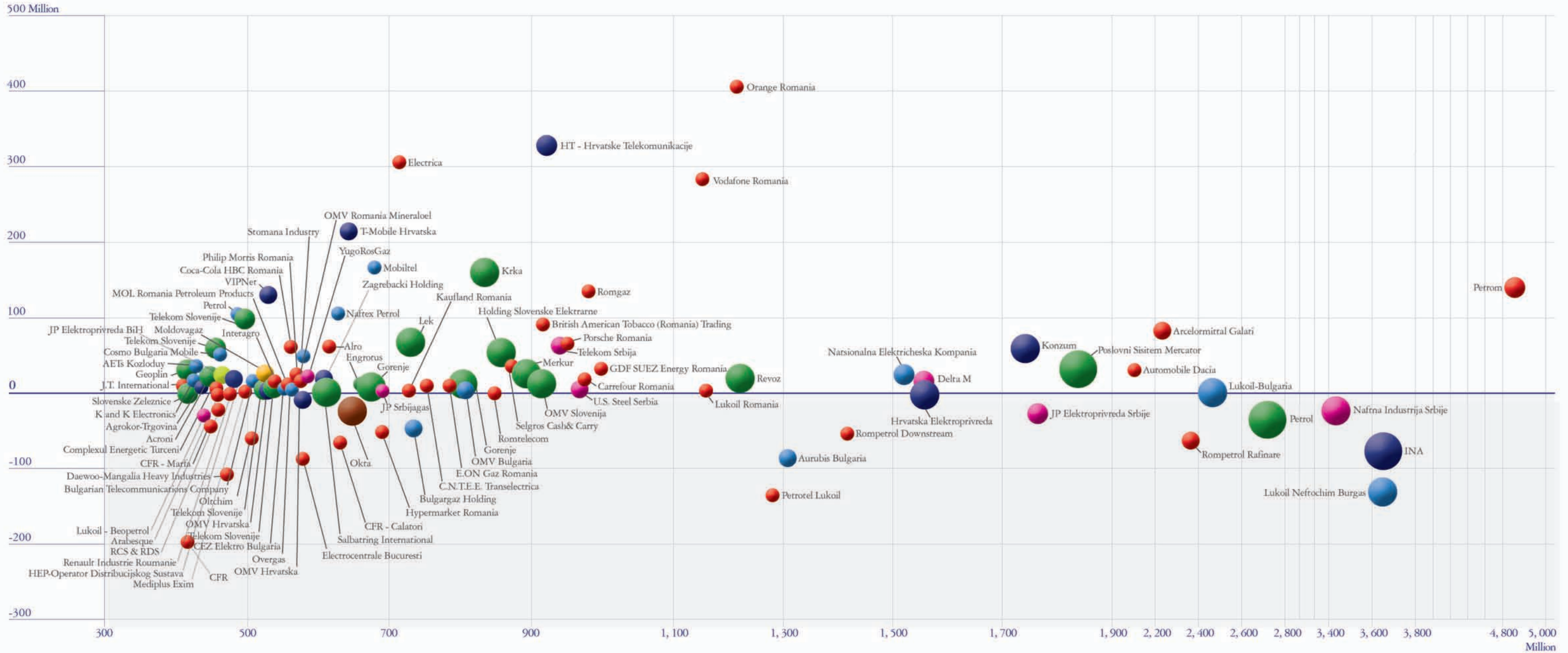
SEE TOP 100 – Profitability Assessment by Country, 2008



## Methodology

SEE TOP 100 ranks the biggest companies in Southeastern Europe in terms of total revenue for the fiscal year ended December 31, 2008. Total revenue remains the most accurate gauge of the size of any business. Apart from sales revenue it includes financial income, which is an essential part of the income generated by export-oriented companies. Where no total revenue figure was available, we have used the company's net sales revenue, marking the result with an asterisk. The ranking covers non-financial legal entities registered in the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Montenegro, Romania, Serbia and Slovenia. Banks, investment intermediaries, insurers and real estate investment trusts are excluded from the ranking as total revenue is not a key indicator of their performance. We have compiled a separate ranking for the TOP 50 largest banks in terms of total assets in Southeastern Europe as of December 31, 2008. The data we have used in the SEE TOP 100 ranking has been derived from official sources of information such as national commercial registers, stock exchanges, government and corporate websites, as well as industry regulators, and in direct communication with the shortlisted companies. The initial data pool exceeded 1,000 firms. The ranking does not include companies that declined or failed to provide their financial data by the specified deadline. We have used consolidated reported revenue to give a more accurate snapshot of the companies' operations except in cases, where both the parent company and its subsidiary qualify for the ranking. In these few instances, the ranking of the parent structure is based on its non-consolidated results to avoid duplication. To allow comparison, the financial figures for 2008 have been converted into euro, using the official exchange rate of the central bank of the respective country for the last working day of 2008. The comparison figures for 2007 are based on the official exchange rate for the last working day of 2007. Please note that the companies are ranked according to their total revenue in the SEE TOP 100 – 2009 Edition rather than by their net sales revenue which was the gauge in the ranking in last year's edition.

# SEE Market Leaders



SEE Market Leaders is a chart illustrating the position of each of the SEE TOP 100 companies in terms of three indicators – total revenue, net profit/loss and total revenue per capita for 2008, thus allowing for easier comparison between the firms. The X axis is a measure of 2008 total revenue, the Y axis represents net profit/loss and the size of the bubbles corresponds to the total revenue per capita of each company.  
Romania's Metro Cash and Carry SRL and Bosnia's ASA Group were not included in the chart as no data for net profit/loss was available which made impossible their positioning.

The colours of the bubbles correspond to the country of origin of each company:

- Croatia
- Bosnia&Herzegovina
- Bulgaria
- Romania
- Slovenia
- Macedonia
- Moldova
- Serbia

The size of the bubbles should be read as follows:

- 1,400 - 800 euro
- 200 - 100 euro
- 800 - 300 euro
- 100 - 0 euro
- 300 - 200 euro

## SEE TOP 100

# Interview: Romania's Petrom Expects Oil Market To Remain Highly Volatile in Rest of 2009, Crude Prices To Recover

by Sabina Kotova (SeeNews)

Petrom is Romania's largest oil and gas group, with activities in the Exploration and Production, Refining and Marketing, and Gas and Power segments. Petrom exploits estimated oil and gas reserves of 940 million barrels of oil equivalent (boe) and has an annual refining capacity of 8.0 million tonnes. The group operates 550 filling stations in Romania and some 260 filling stations in Moldova, Bulgaria and Serbia. Austria's OMV controls Petrom holding a 51.01% stake. Romania's Economy Ministry and the European Bank for Reconstruction and Development are also shareholders, owning 20.64% and 2.03%, respectively. The oil/gas group's shares are listed on the Bucharest Stock Exchange, BVB, and its shares are a component of BVB's blue-chip index.



*Mariana Gheorghe, CEO Petrom Group*

**Q:** *What is your company doing to sustain growth in 2009 and 2010 amidst the global crisis?*

**A:** With a good operating cash flow a solid financial structure and a prudent financial leverage, and being part of the strong OMV Group, Petrom is well positioned to cope with the challenges of the current market. Nevertheless, several measures were taken, such as prioritization of investments, cost reduction and measures to protect the company's cash flow.

Operating measures include cash flow optimization and freezing of liquid capital, active management of receivables and liabilities, cost reduction, effective refinery capacity utilisation, revision of overall procurement and supply chain optimisation, improvement of customer retention, cooperation with customers and suppliers, and continuous divestment of non-core activities.

In view of protecting the cash flow of the company against the potential negative impact of the volatility in oil prices we have secured risk protection instruments to partially insure the cash flow from the Exploration&Production segment for approximately 40% of the estimated oil production in 2009.

In terms of USD currency exposure, Petrom has a relatively balanced USD

denominated inflows and outflows, which create a natural hedge. As such, and taking into account the liquidity of the Romanian market, it is unnecessary to make forex hedges. However, market as well as currency risks are constantly monitored.

We started a process of re-evaluation and prioritization of our investment portfolio based on the profitability of each investment project and cash-back period for each investment, so that we can maintain a solid balance. We continued our sizeable investment programme, however at a considerably lower level compared to 2008, given the current unfavourable economic conditions and the state of the oil industry in general.

**Q:** *Has the crisis offered new expansion and sale opportunities to your company?*

**A:** We will continue the divestment of non-core activities to streamline the cost base. These activities will be performed but they will also depend on the market's evolution.

**Q:** *What were the main obstacles your company faced last year and in the course of this year as a result of the crisis? Are all ongoing investment projects on track?*

**A:** 2008 was an extremely challenging year for Petrom. The company benefited from the favorable oil price environment in early 2008, but was also hit by the general economic and oil-specific downturn in the latter part of the year. After three quarters of exceptionally high oil prices, which also triggered an increase in oil industry costs, the fourth quarter saw not just a serious financial markets crisis, but also a collapse in oil prices. Our financial performance in 2008 was affected to a large degree by one-off items such as provisions for litigations and restructuring, as well as the impairment of the Arpechim refinery. Excluding these one-off items, Petrom recorded both a significant increase in

turnover, due to the favorable oil price environment during the first three quarters of the year, and improved operational efficiency in all business segments.

The benefits of our modernization efforts are becoming more and more visible: we have stabilized Romanian oil production, we are successfully integrating the service activities of Petromservice, which we acquired at the beginning of the year, and we have largely completed the turnaround in marketing.

For 2009 we expect the main market drivers like crude price, refining margins and the EUR-USD exchange rate to remain highly volatile. We anticipate the oil price will recover during 2009 from the significant drop experienced at the end of last year, but it will remain well below the average levels of 2008. The Brent-Urals spread should narrow compared to the 2008 average level. The average EUR-USD exchange rate for 2009 is expected to be highly volatile and, overall, we are anticipating a weaker EUR compared to the average 2008 rate. We expect a highly volatile but an overall decreasing RON versus the USD and the EUR compared to the 2008 average rates. Refinery fuel margins are anticipated to weaken from the 2008 level and the petrochemicals business is expected to suffer from reduced market demand and lower margins caused by the economic downturn. Marketing margins are expected to be lower than in 2008 and demand will be impacted by the economic downturn.

We will continue our large investment programme, albeit at a considerably reduced level compared to 2008, when we recorded record investments of 1.8 billion euro, given the current unfavourable economic conditions and the oil industry in general. The investment level for 2009 will be at approximately 1.1 billion euro.

## Fastest Growers: Oil and Gas Companies Lead in Revenue Growth but Lag behind in Terms of Profitability

### FASTEST GROWERS BY REVENUE

The leader in the Fastest Growers ranking is Slovenia's Salbating International, a company specialising in trading in and distribution of oil products such as naphtha, clean fuels, LPG and petroleum cokes, with an annualised rise of 937% in total revenue. Last year, Salbating's sales totalled 611 million euro. The company has said it expects to raise the sales revenue this year despite the global crisis.

EU member state Romania dominates the ranking with 10 companies, three of which are in the top five: power distributor Electrica (up 239%), gas distributor E.ON Gaz Romania (up 147.6%) and real, - Hypermarket retail chain (up 97.4%), part of Germany's Metro Group.

Romanian state-owned Electrica ranked second. The company comprises of three electricity distributing units –Electrica Transilvania Sud, Electrica Transilvania Nord, and Electrica Muntenia Nord, and one maintenance unit - Electrica Serv. In 2006, the Romanian government decided that it would sell stakes in the power supply units separately, seeking strategic partners for each unit. However, the cabinet has not

launched privatisation tenders for them yet.

Romanian gas distributor E.ON Gaz Romania, owned by German utility group E.ON, came third. E.ON entered the Romanian market after buying the majority stake in gas distributor Distrigaz Nord and electricity producer Electrica Moldova. Romania still holds a minority stake in the privatised companies. E.ON Gaz Distributie has a distribution network of 18,500 km. It said it planned to lay off some 400 employees this year.

It comes as no surprise that 13 out of the 20 fastest growers are oil and gas companies. Their revenues were fuelled by global oil prices which surged to an all-time high of \$147 a barrel on July 3, 2008.

### FASTEST GROWERS BY PROFIT

However, only two out of these 13 companies made it to the ranking of the fastest growers by net profit, as the financial crisis turned the tide in the second half of the year and demand plummeted.

Romania's Electrica topped the ranking with an extraordinary surge of 124,592% year-on-year in net profit. The spike was due to non-recurring income from the divestiture of its unit Electrica Muntenia Sud in 2008.

State-controlled Electrica sold a 50% stake in Electrica Muntenia Sud to Italy's Enel for 395 million euro.

Bulgarian nuclear power plant Kozloduy ranked second with an annualised jump of 1,927% in net profit due to a change in the regulatory framework, introduced in mid-2007, as a result of which the plant could sell a major part of its electricity output on the free market at much more favourable prices than on the regulated market.

Bulgaria remained with the two 1,000 MW units in Kozloduy after it closed down the plant's four older reactors of 440 MW each to address nuclear safety concerns of the European Union. In the autumn of 2008, Kozloduy became part of local state-run energy group Bulgarian Energy Holding (BEH).

Romanian state-owned motorway construction company Compania Nationala de Autostrazi si Drumuri Nationale din Romania SA (CNADNR) was the third company in the Fastest Growers ranking by net profit with a 1,458.5% rise. The company executes large highway and national road projects financed by organisations such as the European Union and the World Bank.

Fastest Growers by Revenue				(in millions of euro)		
Ranking	SEE TOP 100 Ranking	Company Name	Country	Total Revenue 2008	Total Revenue 2007	Y/Y Change (%)
1	57	Salbating International d.o.o.	Slovenia	610.44	58.87	936.93%
2	45	Electrica SA	Romania	713.51	232.39	238.92%
3	40	E.ON Gaz Romania SA	Romania	782.85	349.05	147.58%
4	46	real,- Hypermarket Romania SRL	Romania	689.06	385.25	97.44%
5	55	Naftex Petrol EOOD	Bulgaria	626.66	348.74	79.69%
6	32	OMV Slovenija d.o.o.	Slovenia	913.03	509.19	79.31%
7	65	Overgas Inc. AD	Bulgaria	561.51	341.36	64.49%
8	59	YugoRosGaz AD*	Serbia	583.02	414.81	57.63%
9	7	Rompetrol Rafinare SA	Romania	2,365.13	1,662.65	57.03%
10	1	Petrom SA	Romania	4,850.79	3,596.27	48.89%
11	51	CNADNR SA	Romania	659.51	498.63	46.00%
12	93	Agrokor-Trgovina d.d.	Croatia	434.67	298.09	45.81%
13	26	Carrefour Romania SA	Romania	972.82	738.69	45.37%
14	38	OMV Bulgaria OOD	Bulgaria	805.63	574.27	40.29%
15	97	Slovenske Zeleznice d.o.o.	Slovenia	415.32	296.42	40.11%
16	14	Delta M DOO	Serbia	1,556.56	1,263.69	38.15%
17	17	Rompetrol Downstream SRL	Romania	1,416.42	1,137.55	37.45%
18	5	Petrol d.d.	Slovenia	2,721.40	1,992.09	36.61%
19	19	Petrotel Lukoil SA	Romania	1,280.82	1,038.31	36.17%
20	63	OMV Romania Mineraloel SRL	Romania	573.30	469.07	34.92%

(\*) denotes net sales revenue

# SEE TOP 100

Fastest Growers by Net Profit				(in millions of euro)		
Ranking	SEE TOP 100 Ranking	Company Name	Country	Net Profit 2008	Net Profit 2007	Y/Y Change (%)
1	45	Electrica SA	Romania	306.14	0.271	124591.92%
2	94	AETs Kozloduy EAD	Bulgaria	35.85	1.77	1926.89%
3	51	CNADNR SA	Romania	12.17	0.862	1458.51%
4	89	Enel Distributie Muntenia SA	Romania	55.36	12.07	406.26%
5	58	Zagrebacki Holding d.o.o.	Croatia	19.95	4.22	372.93%
6	70	SCT d.d.	Slovenia	7.18	1.64	337.13%
7	35	Holding Slovenske Elektranarne d.o.o.	Slovenia	53.76	12.41	333.13%
8	69	Interagro SA	Romania	14.89	7.99	105.60%
9	83	JP Elektroprivreda BiH d.d.	B and H	23.64	11.69	102.23%
10	59	YugoRosGaz AD	Serbia	23.50	13.67	92.72%
11	8	Arcelormittal Galati SA	Romania	151.78	89.96	86.24%
12	98	Geoplin d.o.o.	Slovenia	30.91	17.39	77.69%
13	31	British American Tobacco (Romania) Trading SRL	Romania	91.69	64.00	58.13%
14	93	Agrokor-Trgovina d.d.	Croatia	7.99	5.17	54.76%
15	57	Salbating International d.o.o.	Slovenia	1.98	1.35	47.01%
16	12	Konzum d.d.	Croatia	59.19	40.65	45.59%
17	95	K and K Electronics OOD	Bulgaria	18.34	13.48	36.05%
18	21	Orange Romania SA	Romania	404.44	337.60	32.24%
19	64	Philip Morris Romania SRL	Romania	25.83	22.20	28.40%
20	23	Vodafone Romania SA	Romania	283.19	244.19	28.02%

## Methodology

We have measured the fastest growers in the SEE TOP 100 survey by two indicators - biggest growth in total revenue and in net profit for the financial year ended December 31, 2008. Thus, Fastest Growers is represented by two separate rankings. To avoid misrepresentation of the figures due to fluctuations in currency exchange rates, we have calculated the growth rate by using revenue and profit figures in the local currency. In the tables, however, the figures are in euro, which is why the percentage change cannot be derived simply by dividing the two figures.

## Most Profitable

The leader in the ranking is Romania's state-controlled power distributor Electrica with a 42.9% return on revenue in 2008. The company comprises of three electricity distributing units –Electrica Transilvania Sud, Electrica Transilvania Nord, and Electrica Muntenia Nord, and one repairing maintenance unit - Electrica Serv.

Electrica is followed by Croatian telecommunications companies HT - Hrvatske Telekomunikacije (35.6%) and T-Mobile Hrvatska (33.4%).

Nine of the companies in Most Profitable are coming from the telecommunication sector of Croatia, Bulgaria, Slovenia

and Romania: Croatia's HT - Hrvatske Telekomunikacije (T-HT), majority-owned by Deutsche Telekom, and its wireless arm T-Mobile Hrvatska, France Telecom's Orange unit in Romania, Austria's Mobilkom wireless unit in Croatia VIPNet, the Romanian unit of UK giant Vodafone, Telekom Austria's Bulgarian unit Mobiltel, state-owned telecoms company Telekom Slovenije and its cellphone unit Mobitel, and Cosmo Bulgaria Mobile, the local unit of Greek Cosmote, more popular as Globul. Traditionally, the telecommunications business enjoys high profit margins because of low variable costs compared to the initial

high fixed costs of the set-up period.

Bulgaria's biggest fuel retailer in terms of number of filling stations Petrol ranked eighth with a 21.3% return on revenue in 2008 against a negative return of 2.9% in 2007. The company swung to profit helped by the sale of 75 petrol stations and an oil storage depot to local peer Lukoil Bulgaria in a deal worth a combined 237 million euro.

Bulgarian fuel wholesaler Naftex Petrol, part of Petrol, also turned to profit in 2008 registering a return on revenue of 16.8% versus a negative return of 1.4% in 2007.

## SEE TOP 100

Most Profitable SEE Companies									
(in millions of euro)									
Ranking	SEE TOP100 Ranking	Company Name	Country	Return on Revenue (%) 2008	Return on Revenue (%) 2007	Total Revenue 2008	Total Revenue 2007	Net Profit 2008	Net Profit/Loss 2007
1	45	Electrica SA	Romania	42.91%	0.12%	713.51	232.39	306.14	0.271
2	30	HT - Hrvatske Telekomunikacije d.d.	Croatia	35.61%	39.42%	920.88	957.05	327.92	377.27
3	53	T-Mobile Hrvatska d.o.o.	Croatia	33.38%	30.40%	641.48	598.20	214.12	181.86
4	21	Orange Romania SA	Romania	33.26%	29.31%	1,216.09	1,151.82	404.44	337.60
5	71	VIPNet d.o.o.	Croatia	24.78%	26.72%	528.02	517.62	130.86	138.33
6	23	Vodafone Romania SA	Romania	24.54%	21.96%	1,154.08	1,112.09	283.19	244.19
7	48	Mobiltel AD	Bulgaria	24.52%	24.74%	678.53	643.39	166.36	159.14
8	79	Petrol AD	Bulgaria	21.33%	-2.91%	487.20	405.38	103.90	-11.80
9	78	Telekom Slovenije d.d.	Slovenia	19.43%	18.74%	493.82	451.94	95.97	84.67
10	37	Krka d.d.	Slovenia	19.33%	17.49%	833.57	723.35	161.13	126.52
11	55	Naftex Petrol EOOD	Bulgaria	16.84%	-1.42%	626.66	348.74	105.51	-4.95
12	25	Romgaz SA	Romania	13.76%	13.85%	979.50	1,018.82	134.82	141.14
13	88	Mobitel d.d.	Slovenia	12.96%	11.54%	454.94	438.53	58.95	50.60
14	89	Enel Distribuție Muntenia SA	Romania	12.33%	2.45%	449.20	492.22	55.36	12.07
15	84	Cosmo Bulgaria Mobile EAD	Bulgaria	11.56%	17.82%	460.06	412.10	53.17	73.42
16	66	Coca-Cola HBC Romania SRL	Romania	10.91%	11.23%	560.43	506.06	61.16	56.84
17	56	Alro SA	Romania	10.09%	19.28%	614.92	626.85	62.04	120.84
18	31	BAT (Romania) Trading SRL	Romania	10.01%	8.36%	915.90	765.37	91.69	64.00
19	43	Lek d.d.	Slovenia	9.25%	10.33%	729.19	772.50	67.43	79.79
20	60	Stomana Industry AD	Bulgaria	8.48%	10.46%	577.21	448.18	48.94	46.88

## Methodology

Most Profitable is a ranking of those companies in SEE TOP 100 which reported the highest return on revenue in 2008. Return on revenue is calculated as net profit divided by total revenue.



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# SEE TOP 100

## Money Losers

Ten oil and gas companies from SEE TOP 100 entered the Money Losers sub-ranking as plunging crude oil prices worldwide erased their profits in the second half of 2008. Thus, most of the companies, which ranked among the first in terms of annual revenue growth in the Fastest Growers ranking, unfortunately also appear on the list of the biggest losers. The list is headed by Bulgarian oil refinery Lukoil Neftochim Burgas, majority-owned by Russian oil giant Lukoil, which closed 2008 with a 242 million euro net loss due to the slump in international oil prices. It is followed by Romania's state railway company CFR, Croatian oil and gas company INA,

and Romanian peers Petrotel Lukoil and Rompetrol Rafinare.

Croatian blue-chip oil and gas company INA ended 2008 with a net loss of some 147 million euro from a 118.5 million euro net profit a year earlier. Hungary's MOL, the biggest shareholder of INA, has a 47% stake. In June 2009, Croatian anti-trust authority, AZTN, granted conditional approval to the deal that allows MOL to gain control over INA. The two companies will have a 55-65% combined share of the Croatian retail market and it must be reduced through the disposal over the next nine months of INA's Crobenz filling stations business.

Petrotel Refinery, located in Ploiesti, was purchased by Lukoil in 1998. It has more than 300 filling stations in Romania.

Romanian shipyard Daewoo-Mangalia Heavy Industries, a joint venture between South Korean shipbuilding company Daewoo Shipbuilding & Marine Engineering and "2 Mai" Mangalia Shipyard, expanded its net loss to 108 million euro in 2008 from 20.1 million euro in 2007.

The 20 firms that plunged into the red in 2008 incurred total net losses of 1.641 billion euro in 2008. Ten of them generated huge profits for their shareholders in 2007.

Money Losers				(in millions of euro)	
Ranking	SEE TOP 100 Ranking	Company Name	Country	Net Loss 2008	Net Profit/Loss 2007
1	3	Lukoil Neftochim Burgas AD	Bulgaria	-242.05	52.93
2	96	CFR SA	Romania	-196.29	-92.64
3	2	INA d.d.	Croatia	-142.23	163.88
4	19	Petrotel Lukoil SA	Romania	-134.65	-25.92
5	7	Rompetrol Rafinare SA	Romania	-116.69	-87.07
6	82	Daewoo-Mangalia Heavy Industries SA	Romania	-107.97	-20.12
7	61	Electrocentrale Bucuresti SA	Romania	-86.71	-26.37
8	18	Aurubis Bulgaria AD	Bulgaria	-86.44	26.76
9	54	CFR - Calatori SA	Romania	-65.26	-37.37
10	5	Petrol d.d.	Slovenia	-64.43	45.82
11	75	Oltchim SA	Romania	-58.72	-26.56
12	17	Rompetrol Downstream SRL	Romania	-53.25	-3.93
13	46	real,- Hypermarket Romania SRL	Romania	-51.18	-43.86
14	42	Bulgargaz Holding EAD	Bulgaria	-46.29	44.48
15	4	Naftna Industrija Srbije AD	Serbia	-45.16	66.34
16	90	CFR - Marfa SA	Romania	-42.52	1.31
17	92	Lukoil - Beopetrol AD	Serbia	-30.78	-27.86
18	11	JP Elektroprivreda Srbije	Serbia	-26.96	-36.91
19	52	Okta AD	Macedonia	-22.42	16.14
20	85	RCS & RDS SA	Romania	-21.17	17.11

## Methodology

In this sub-ranking we have listed all companies in SEE TOP 100 which ended 2008 with a loss. All figures are converted into euro from the local currency, using the official exchange rate of the central bank of the respective country for the last working day of 2008. The comparative figures for 2007 are based on the official exchange rate for the last working day of 2007.