

# **F FLAMINGO**

## **FLAMINGO EMERGES AS THE NUMBER 2 RETAILER AFTER THE ACQUISITION OF FLANCO**

- Following the acquisition of Flanco, Flamingo emerges as the second largest retailer of IT/electronics/ white goods on the Romanian retail market and as a market leader in terms of sales per square meter
- The total value of the transaction is around EUR 37 million
- The group's expected turnover in excess of EUR 200 million in the first year after the closing of the transaction

**Bucharest, 12 January 2006** – Flamingo International has signed on 11th of January 2006, with Flanco Holding, the agreement for the acquisition of Flanco International SRL, one of the most important retailers of consumer electronics and white goods in Romania. The total transaction value will amount to approximately EUR 37 million. The Flamingo Group will thus become the second largest Romanian retailer of IT products, consumer electronics and white goods in terms of sales.

”We have closed this deal because size matters on this market and we want to further develop our company, rapidly and effectively. By joining forces with Flanco, we now become no.1 on the retail market in terms of the number of stores and no. 2 in terms of sales volumes” said Dragos Cinca, President of Flamingo International.

The deal will be done in cash. Flamingo will finance the acquisition through an issue of 316.9 million new shares at a price per share of RON 0.4370. The issue will address the existing Flamingo shareholders, who will have preference rights. The preference rights will be traded on the BSE. Flanco Holding intends to acquire preference rights and subscribe up to two thirds of the new share issue. The transaction will be subject to approval by the Flamingo General Shareholders' Meeting and The Competition Council.

„Oresa Ventures has been present on the Romanian market for the past 10 years and it invested in entrepreneurial companies that demonstrated high quality management. The major opportunity provided by the Flamingo-Flanco transaction was obvious to us from the very beginning of negotiations, as our initial investment shall now benefit from the growth potential of the IT&C market in Romania, where Flamingo is the clear no. 1 player. We look forward to become a significant shareholder in Flamingo and benefit from the future opportunities” stated Erik Hallgren, Managing Director ORESA Ventures. Oresa Ventures has a stake in Flanco through Flanco Holding Ltd.

„Following the closing of this transaction, we anticipate that the Flamingo group shall accelerate growth and increase profitability in the context of an increasingly competitive retail market. The acquisition of Flanco brings to market a retail group with an expected turnover in excess of EUR 200 million in the first year after the closing of the transaction. We expect this transaction to result in substantial reductions in operating costs, especially in the purchases of IT and consumer electronics, but also in other areas such as marketing, distribution and SG&A”, stated Dragos Cinca.

The group that results out of this transaction will have 199 stores all over the country and a strong presence in the segment of medium-area shops (150-300 sqm). The company shall diversify, via a safer route, into the segment of large-area shops 2 to 3 years earlier than anticipated at the moment of the Flamingo's IPO. „We expect that the combination of the three major product portfolios (IT, consumer electronics and white goods) will generate the appropriate client numbers for the profitable operation of large area stores (2000-5000 sqm). For the next 12-18 months, Flamingo's expansion strategy shall focus on the development of 10 new large-surface locations under the Flanco World brand. After closing the deal, both Flamingo and Flanco brands will be kept as such”, mentioned Dragos Cinca.

Flamingo International is the holding company of the Flamingo Group, leader of the Romanian IT&C market. As of today, the company has a network of 114 IT and consumer electronics stores in Romania, Bulgaria and Serbia, under the Flamingo and Future Shop brands, having a total selling area of approximately 14,000 sqm. Flamingo's strategy for the development of its retail business follows three major guidelines: developing a small-store retail network for mobile IT equipment and electronics, continuing the development of the current store network by opening new locations as well as modernizing and expanding the existing ones and developing a network of large-area stores for both IT products and a wide range of consumer electronics and white goods. Flamingo International's turnover is estimated at over EUR 80 million in 2005. Flamingo's financial statements are audited by PricewaterhouseCoopers.

Flanco is one of the most important retailers on the Romanian consumer electronics and white goods market, having a network of 96 stores in the most important cities and a total selling area of around 30,000 sqm. Created in 1992 by Florin Andronescu, Flanco was the first Romanian retailer to promote installment sales as early as 1994. In 1997, investment fund Oresa Ventures became Flanco's shareholder and significantly contributed to the company's development. Current shareholders of Flanco are Oresa Ventures, DBG Eastern Europe II LP, and Florin Andronescu. Recently, Flanco launched a new store concept, Flanco World, offering a wider product range in a larger selling area, of roughly 3,000 sqm. This store concept will be maintained and developed even further after the acquisition. Preliminary figures for 2005 show a turnover over EUR 90 million. Flanco's financial statements are audited by PricewaterhouseCoopers.

Member of the Board  
Anca Liana Barbu



*For further details:*

**Oltea Boldisor**

***PR Executive, Flamingo International***

**[oltea.boldisor@flamingo.ro](mailto:oltea.boldisor@flamingo.ro)**

**Tel. +40-21-236.20.00**

**Fax +40-21-236.20.05**

**Web: [www.flamingo.ro](http://www.flamingo.ro); [www.fdc.ro](http://www.fdc.ro); [www.flamingo.info](http://www.flamingo.info)**